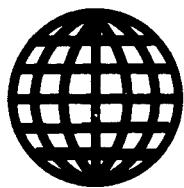


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PROVINCIAL GOVERNMENT WORK REPORTS

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Fujian Government Work Report

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in Chinese 30 Apr 92 pp 1-2

[Government Work Report submitted by provincial Governor Jia Qinglin (6328 1987 2651) to the Fifth Session of the Seventh Fujian Provincial People's Congress on 21 April: "Seize the Favorable Opportunity; Be Bold in Practice; and Strive To Open Up a New Situation in Reform, Opening Up, and Development"]

[Text] Fellow deputies:

On behalf of the provincial people's government, I now submit a report on the government's work for examination and approval by this session. All members of the Chinese People's Political Consultative Conference [CPPCC] are welcome to air their views on the report.

In 1991 we implemented the Eighth Five-Year Plan and the 10-Year Program. Under the party Central Committee, the State Council, and the provincial party committee, the people of the entire province have conscientiously carried out the party's basic line, unswervingly centered around economic development, abided by the four cardinal principles, upheld reform and opening up, achieved prominent results in all fields of endeavor, and comprehensively fulfilled the goals set forth by the Fourth Session of the Seventh Fujian Provincial People's Congress, thus making a good start for the attainment of the Eighth Five-Year Plan.

A sustained development was registered in the national economy. Last year, Fujian's GNP reached 53.5 billion yuan, up 10.4 percent over the previous year; while the per capita GNP stood at 1,771 yuan, ranking 11th in the country. The gross agricultural output value amounted to 25.674 billion yuan, up 8.7 percent, and gross grain output totalled 8.8965 million tonnes, an all-time high. The extensive agricultural exploration underwent fairly great development; while forestry, animal husbandry, side-line production, and fishery attained comprehensive harvests. The gross output value of township and town enterprises amounted to 33.48 billion yuan, registering a 25.8-percent increase. Gross industrial output value reached 65.567 billion yuan, up 21.3 percent, while all major indexes of economic efficiency ranked in the country's first place. The total capital construction investment made by sectors under the ownership by the whole people amounted to 4.745 billion yuan, a 29.1-percent increase, with priority mainly given to such basic industries as agriculture, communications, energy, and raw and semifinished materials. The market was brisk, and total volume of retail sales and the general level of market prices rose 11.6 and 3.6 percent respectively. Financial departments maintained a balance between revenues and expenditures, financial and insurance business underwent fairly great development, the total amount of loans of various types grew 20 percent, and the revenue of insurance premiums rose 38.4 percent. The living standards of urban and rural residents constantly improved, and per capita net income of peasants

and per capita living expenses of urban residents increased 11.2 and 10.8 percent respectively.

Fairly big strides were taken in reform and opening up. On the basis of further improving the contract responsibility system for operations and management, a series of reform measures were worked out to improve the enterprises' external environment and transform their internal mechanism, and in particular, to vitalize state-owned large and medium-size enterprises. A comprehensive pilot scheme for a more relaxed management and for a unified profit-tax budget was carried out in 10 backbone enterprises, while the standardized reform of the shareholding system was implemented in eight other enterprises. A new independent system of full financial responsibility was put into practice in foreign trade enterprises. The selling prices of grain and cooking oil, as well as the prices of some basic industrial products were readjusted. As a result, the price parity were further rationalized. Social insurance coverage was expanded. Reforms of the land use and housing systems, as well as the comprehensive pilot scheme in Shishi city, were accelerated. The scope of opening up was further expanded, and new breakthroughs were made, particularly in using foreign investment to develop large areas through construction projects and to carry out comprehensive agricultural exploration. With 1,219 new agreements and contracts to introduce foreign investment across Fujian, the total contracted foreign investment amount reached \$1.537 billion, of which \$724 million was actually used, registering an increase of 16.9, 24.3, and 90.6 percent. This proved that 1991 was a year during which the largest amount of foreign investment was introduced. The total export volume reached \$2.926 billion, up 30.7 percent and ranking the country's sixth. New achievements were attained in foreign-related contracted projects, labor service cooperation, and international tourism; and the total number of passengers entering and exiting the country through sea and air ports reached 548,100, a 11-percent rise. Economic and trade cooperation between Fujian and Taiwan is under constant development. The number of newly added Taiwan-invested projects totals 326, involving a total contract amount of \$425 million, up 9.6 percent; while the volume of Taiwan-related trade rose 32 percent. Opening up was pushed to a higher stage on a bigger scale.

New progress was registered in all social undertakings. A total of 130 scientific and technological results across Fujian won provincial-level awards for scientific and technological progress, of which nine won national-level awards for the natural sciences, inventions, and scientific and technological progress. Headway was made in the construction of the Fuzhou and Xiamen New and High-Technology Industrial Development Zones, and 107 scientific and technological demonstration townships and towns were set up. The population coverage rate of legal compulsory elementary education reached 74.8 percent, the backward conditions of junior high schools began to take a turn for the better, the setup and

professional structure of higher learning tended to be more rational, and vocational and adult education underwent fairly great development. New achievements were attained in all social undertakings, including culture, public health, and sports. Family planning was further reinforced, and the natural population growth rate was controlled under 13.77 per thousand.

Political stability and unity was further consolidated. Socialist ideological education was carried out in depth in urban and rural areas, and the faith of the people of the entire province in socialism was strengthened. The building of socialist democratic and legal systems was further strengthened; governments at all levels conscientiously subjected themselves to the legal supervision of the people's congress; the ties between the CPPCC and various democratic parties and non-party personages were strengthened; and democratic supervision developed toward regularization and systematization. Relentless blows were stricken at various criminal activities, and public security took a favorable turn. A number of cases involving violation of discipline and law were cracked and dealt with, and new results were scored in the development of a clean administration. Activities to support the army and give preferential treatment to families of revolutionary army men and martyrs, and to support the government and cherish the people were persistently carried out, thus strengthening the ties between the army and the government, and between the army and the people.

Fellow deputies,

In the past year, political and social stability prevailed throughout Fujian, and we have basically fulfilled the major task of economic improvement and rectification. All these achievements are the result of the unity, hard struggles, pioneering spirit, and arduous efforts of the vast numbers of workers, peasants, cadres, and intellectuals of the province. These achievements are also inseparable from the efficient supervision of the people's congresses at all levels and their standing committees; the participation in and discussion of government and political affairs by the CPPCC at all levels and various democratic parties; the strong support from the army and armed police troops garrisoning Fujian; and the sincere cooperation of Hong Kong, Macao, and Taiwan compatriots, Overseas Chinese, and foreign friends. Here, on behalf of the provincial people's government, I would like to express my heartfelt thanks to them!

Although Fujian attained great results in all fields of endeavor last year, we should notice sober-mindedly that we have not done nearly enough to free ourselves from outdated ideas or to take big steps in reform and opening up; the economic structure's readjustment is still progressing slowly, and the economic efficiency is not satisfactory; we are still faced with financial difficulties and lack construction funds; a number of comparatively backward aspects in social development have not yet taken a fundamental turn for the better; the measures for comprehensive improvement of public security have not

yet been put into effect in a down-to-earth manner, and there still exist many problems in public security. In the new year, we have the confidence to find better and quicker solutions to all these problems.

The year 1992 is important in our efforts to carry out the Eighth Five-Year Plan, and also a key year during which the waves of reform and opening up will surge again. At this important turning point of economic development, with the foresight and sagacity of the proletarian revolutionaries of the old generation, Comrade Deng Xiaoping made extremely significant remarks, expounding profoundly that in leading the people to develop socialism, it is a fundamental task of our party to liberate and develop the productive forces; and steadfastly uphold and remain unshaken for 100 years in carrying out the party's basic line of "one center, two basic points." He has stressed that we should further emancipate our minds, act more boldly, and take quicker steps in reform and opening up. He pointed out the need to seize the present favorable opportunities to expedite economic development and to scale a new height every few years. He called for persistent efforts to paying attention to doing the two types of work simultaneously, while attaching equal importance to both; and to maintain vigilance against rightist tendencies, but mainly guard against "leftist" tendencies. All his important remarks are imbued with the main line of building socialism with Chinese characteristics, which summarizes the experience that our party has gained from the practice of socialist construction over the past several decades, enriches the treasury of Marxist theory, and fully reflects the earnest aspirations of the vast numbers of the masses of the people. These remarks are not only playing an extremely important guiding role in the present reform, opening up, and economic construction; but also are of profound and far-reaching significance for the entire cause of socialist modernization. To Fujian, which is on the forefront of reform and opening up, these remarks serve all the more as a great encouragement and motivation. We will take the spirit of the CPC Central Committee Political Bureau Plenary Session and the important remarks of Comrade Xiaoping as a mighty ideological weapon; seize present favorable opportunities; give prominence to the central task of economic construction; expedite efforts to implement the strategy of "opening up Fujian's southern and northern parts, scoring fruitful results in central areas, developing large areas through construction projects, bringing about coordination between mountain and coastal areas, and attaining common prosperity throughout the province"; and concentrate our major efforts on pushing the national economy and all social undertakings onto a new stage.

This year's provincial plan demands that the GNP increase 8.5 percent or more; the total agricultural output, 4.8 percent; and the total industrial output value, 10 percent; the total export volume exceed \$3 billion; the amount of actually used foreign investment reach \$830 million; the society-wide fixed assets investment amount

to 12.83 billion yuan; the total volume of retail sales increase 13 percent, while the rise of the general level of retail prices is controlled under 8 percent; financial revenue totals 6.988 billion yuan, registering an 8.8-percent rise; the per capita living expenses of urban residents and the per capita net income of peasants increase 11 and 10 percent respectively; and the natural population growth rate be controlled under the state-set goal of 15.8 per thousand.

In accordance with the aforementioned guiding line and goals of struggle, we need to give prominence to and make a success in the following work:

I. We Must Boldly Explore and Open Up New Paths, and Speed Up the Pace of Reform

Intensifying and speeding up reform is an urgent requirement for Fujian in its efforts to attain the second-step strategical goals. We should further free ourselves from outdated ideas, and boldly make new attempts and open up new paths as long as they prove beneficial to promoting socialist productive forces, to reinforcing the comprehensive national strength of our socialist country, and to improve the people's living standards. We should strive to make major breakthroughs in the structural reform of certain fields and set up a new system of the planned commodity economy which is suitable for Fujian's export-oriented economic development, as well as an economic operational mechanism that integrates the planned economy with market regulation.

We must speed up enterprise reform and enliven enterprises. The key task is to activate state-owned large and medium-size enterprises, transform their operational mechanism, and enable them to enter market competition. State-owned industrial and communications enterprises should generally discard the old practices of "eating from the same big pot" and the "iron rice bowl, ironclad wages, and iron armchair"; and comprehensive reform will be unfolded in the enterprises' internal labor, personnel, and distribution systems. We will select 100 state-run enterprises as experimental units for comprehensive reform, such as implementing an input-output operations system; making a total account of profit and taxes; progressively increase contract quotas; retain profits earned over and above planned targets; expand enterprises' autonomy in making investment policies and in fixing the prices of their products; and encouraging the internal motive power of enterprises to rely on scientific and technological progress. Active efforts will be made to develop joint-stock enterprises, in which legal persons, workers, and staff members are shareholders on the basis of public ownership. A number of enterprises that can produce satisfactory economic results and have an urgent need for funds to expand reproduction will be selected to openly issue stocks to the public. We will also put into practice management methods used by foreign-invested enterprises and township and town enterprises in 200 selected state-run

enterprises. Some of the state-run small enterprises can be transformed, switched to other types of production, leased, or sold.

We must accelerate the reform in the circulation field and activate urban and rural commodity markets. Efforts should be made to comprehensively "relax four controls" on operations, prices, labor employment, and distribution in state-owned commercial enterprises; to actively carry out the joint-stock system in experimental domestic trade enterprises; and organize and set up a number of commercial enterprises with both Chinese and foreign investment. It is necessary to reform the existing second- and third-level commercial wholesale systems and vigorously develop a new type of commerce characterized by industry and trade, technology and trade, agriculture and trade, and domestic and foreign-trade integration, and that enjoys a large market, large-scale commerce, and comprehensive circulation. Markets for the means of production will be developed and promoted in such key cities as Fuzhou, Xiamen, and Quanzhou; commodity exchanges and wholesale markets of different types on different scales will be developed in a number of key cities, county seats, and market towns; and reform in border trade will be carried out with preferential policies granted to all border counties.

We will expedite housing system reform and push forward the commercialization of residential housing. In line with the principle of "raising rent allowances; using leasing to spur sales; and simultaneously develop leasing, sales, and the building of residential houses," and in accordance with the principle that expenses will be borne by the government, unit, and the individual, housing system reform will be pushed forward comprehensively. The first step is to standardize the various cities' rental standards. A comprehensive self-contained reform of the housing system will be unfolded in nine cities: Fuzhou, Xiamen, Zhangzhou, Quanzhou, Sanming, Yong'an, Shaowu, Longyan, and Wuyi Shan. All localities are required to vigorously and steadily organize the sale of public houses, and encourage workers and staff members to buy private residential houses. With a view toward giving impetus to the growth of property and real estate markets, efforts will be made to integrate housing reform with the renovation of old urban districts and with the use of land with compensation.

We will speed up social insurance system reform and develop social guarantee undertakings. In coordination with the enterprise mechanism's transformation, we will speed up to set up and perfect a social guarantee system. The "Fujian Province Interim Regulations Concerning Job-Awaiting Insurance [dai ye bao xian 1769 2814 0202 7145] for Enterprise Workers and Staff Members," which was released recently, has extended the scope of job-awaiting insurance to enterprises under the ownership of the whole people, collective enterprises, joint-stock enterprises, and foreign-invested enterprises at the county (city) and prefectural levels and above within the boundaries of counties (cities) and towns, thus creating conditions for them to put their surplus personnel under

the care of society. Vigorous strides will be taken to start the insurance business in rural areas, consolidate and promote old-age pensions [yang lao bao xian 7402 5071 0202 7145] for workers and staff members of collective and private enterprises, and expand the scope of foreign-related insurance services.

We will accelerate financial structural reform and vigorously develop the securities market. Experiments will be carried out in selected areas in integrating control over the scale and total quantity of credits with control over financial institutions' assets-liability ratio. This means that financial institutions can grant more loans to their customers when the latter have more savings and when the former have greater revenue. The scale of direct financing will be appropriately extended to those economically-advanced areas that are plagued by insufficient savings deposits. It is necessary to issue bonds and transferable bonds in a number of large and medium key construction projects, raise funds in society by means of stocks, start trial issuance of special Renminbi shares, and attract investment from beyond the border. The scope of issuance and circulation of negotiable securities will be expanded.

We will expedite land use system reform and bring about the development of property and real estate markets. Efforts will be made to expand the scope of reform in the system of using state-owned land in urban and rural areas, and to open up a second-level market for land transfer on the foundation of the first-level land market. Corresponding rules and regulations for the land market's management will be worked out to facilitate the compensated use of non-farming construction land in rural areas, and to perfect the system in which "a new plot of farming land will be reclaimed when an old plot is being used for other purposes."

We will speed up rural reform, and further promote the rural commodity economy. Efforts will be made to comprehensively implement the party Central Committee's "Decision on Further Strengthening Agriculture and Rural Work," and the provincial party committee's "Suggestions on Implementation"; continue to stabilize the responsibility systems, which are mainly represented by the contracted responsibility system on a household basis with remuneration linked to output; constantly improve the dual-layer management system in rural areas whereby unified management is combined with separate management; vigorously promote the rural socialized services system; and gradually reinforce the collective economy's real strength. Ningde Prefecture will be selected as an experimental area for Fujian's comprehensive rural reform, and will strive to win the approval of the central authorities to be listed among national-level experimental areas for comprehensive reform in impoverished and difficult areas. Continued efforts will be made to run well the South Collective Forestry Experimental Zone for comprehensive reform in Sanming city.

We will speed up efforts to experiment with comprehensive reform and create experiences for deepening reform comprehensively. Continued strides will be taken to carry out experiments on comprehensive reforms throughout Fujian, and intensify efforts to cultivate and develop the socialist market; spread Shishi city's experience in comprehensive reform throughout Quanzhou city; and select a number of counties within Fujian as experimental counties for comprehensive reform, with an aim to gain experience in regional comprehensive reform.

While making a success in the aforementioned reforms, efforts will be taken to expedite price reform, further rationalize price relations, and set up a reasonable price formation mechanism; vigorously push forward supporting reforms in such fields as planning, investment, finance and taxation, and science and education; and strengthen and perfect the macroeconomic management. We should carefully design and organize reforms, put them forward steadily, and try to put into practice any new reform measures when they become mature.

II. We Will Bring About an All-Positioned and High-Leveled Development to Opening Up in Line With the Principle of Opening Wide

Opening up the country to the outside world is a road we must take to prosper and turn China into a powerful country. At the present stage, when opportunities and challenges coexist, we must judge the hour and size up the situation, give full play to the superiorities of Overseas Chinese and Hong Kong and Taiwan compatriots, act in accordance with the principle of opening wide, further expand the fields and scope of opening up, intensify and enhance the appeal of opening up, and push opening up onto a new stage.

We should raise the level and give shape to a new set up in opening up. Xiamen should regard certain policies governing free ports as breakthrough points; establish a large-scale bonded zone; gradually put into effect a new system in which "departments on the forefront are in charge of exports, while those at the second line are in charge of imports"; optimize the industrial structure; build up science and technology-intensive, comprehensive, and export-oriented multifunctional special economic zones at high levels; and turn itself into a "file leader" in reform and opening up. Quanzhou should give full rein to the superiorities of Overseas Chinese and Taiwan compatriots, expedite the highly efficient development of large areas through construction projects on a large scale; organize and set up transregional township and town enterprise groups; speed up the construction of key industrial satellite towns; do a good job in running Taiwan-related trading posts, such as Chongwu and Weitou; and bring about new economic development to towns inhabited by returned Overseas Chinese. Zhangzhou should grasp well the exploration and construction of Gangwei and Gangkou Industrial Zones; give prominence to the development of agriculture that will earn foreign exchange; and develop itself into a key base for introducing, assimilating, and spreading the use of

advanced agrotechniques from outside Fujian, and as a base for earning foreign exchange through exports. Longyan should rely on coastal areas and the policies and atmosphere that is guiding reform and opening up in the delta area of southern Fujian, vigorously push forward the opening up and exploration of border areas, and facilitate the transfer to a diversified economy that integrates resources with processing. Fuzhou city should regard economic and technological zones as a leading factor; try to be successful in the Yuanhong Investment Zone, Rongqiao Industrial Zone, Fuxing Industrial Zone, and other high-tech parks and zones; and develop itself into an integrated and self-contained open city that features the integration of trade, industry, science and technology, and flourishing tertiary industries; and bring along the exploration and construction of areas in the Min Jiang valley and in northeastern Fujian. Meizhou Wan should accelerate the exploration of ports and the construction of new-type industries; rely mainly on key projects in the fields of petrochemicals, electronics, metallurgy, electrical power, and light industry; gradually give shape to a number of comprehensive economic development regions that are led by heavy industry and the chemical industry, tourism, and export processing industries; and spur the exploration and development of central Fujian. Efforts will be made to give play to the superiorities of coastal areas as "windows," as well as to the superiorities and the hinterland role of inland and mountainous areas in terms of natural resources and labor; expedite the exploration and opening up of inland and mountainous areas, such as Sanming, Nanping, and Ningde; speed up the pace of counties located in old revolutionary base areas, areas inhabited by minority nationalities, frontier areas, and poor areas, to enable them to extricate themselves from poverty and become rich; strengthen the lateral economic ties between coastal areas and inland and mountainous areas; carry forward superiorities and avoid making mistakes; help supply each other's needs and become mutually beneficial; and bring about a common development to Fujian's economy.

We should expand the scope and enhance the spreading effect of opening up. Active efforts will be taken to create the conditions to extend the area of the Xiamen Taiwan Investment Zone to the Jimei region; provide the region with preferential policies designed for special economic zones; and join together Xiamen, Haicang, Xinglin, and Jimei islands. Fuzhou Economic and Technological Development Zone will be extended in both directions from the northern bank to Changan, Kuian, and Fuxing. The Dongshan Taiwan Agricultural Investment Zone will be set up so that it can enjoy the policies designed for economic and technological zones. Strides will be taken to try to list a number of counties and cities, including Fuan, Fuding, Longyan, Yongding, and Zhangping, among open zones and enable them to enjoy corresponding policies. Townships under coastal open counties and cities will be upgraded to towns, and the policies guiding key industrial satellite towns will be carried out,

with a view toward apply the preferential policies specially designed for coastal open areas not only in key points but also in other areas. Twenty towns with satisfactory conditions that are located in inland and in mountainous areas, along railways, and counties and cities along the border will be selected as experimental towns for comprehensive reform and opening up, and will put into effect policies currently practiced by coastal open areas, thus attaining the goal of opening the inland areas to the outside world.

We plan to enlarge the areas that use foreign investment and speed up tertiary industrial development. Continued efforts will be made to encourage foreign businessmen to invest in the development of large areas through construction projects and to engage in comprehensive agricultural exploration. For already approved construction projects in large-area development, vigorous efforts will be made to attract businessmen; expedite construction; give shape to the production scale as soon as possible; and facilitate the development of larger areas in Fuqing Wan, Meizhou Wan, Quanzhou Wan, and the mouth of Jiulong Jiang. A total of 30 state-owned farms, tree farms, breeding centers, and the protruding parts of coastal islets will be assigned as special areas for building joint ventures with Taiwan and overseas businessmen, introducing advanced technologies and fine varieties from abroad, and carrying out agricultural comprehensive exploration. A comprehensive compensation policy will be put into practice with an aim to guide overseas investment into the construction of basic facilities, such as ports, highways, water and power supplies, and sewage disposal. Fuzhou and Xiamen should speed up their pace in introducing Taiwan- and foreign-invested banks and setting up jointly invested financial and leasing companies. Efforts should be made to encourage the use of overseas investment in the development of commerce and trade; we should plan and develop large-scale modern shopping malls; and support foreign business in running auxiliary projects to service production and the people's lives in such aspects as information, real estate, transportation, entertainment, catering, and tourism. Wuyi Shan and Meizhou and the Pingtan Islands will be designated as foreign-related tourist and economic open zones, with the objective of attracting overseas investors to develop tourist scenic spots and facilities. A number of tourist hotels and large-scale entertainment facilities geared toward foreigners will be built in areas such as Quanzhou, Xiamen, Zhangzhou, Shishi, and Dongshan.

We should give play to the superiority of Overseas Chinese and expand economic and trade cooperation and exchange with foreign countries. We will vigorously handle well Overseas Chinese affairs, try to acquire an intimate understanding of the conditions of Overseas Chinese, win over their ardent support, protect their interests and rights, and give play to their financial strength. Efforts will be made to guide Overseas Chinese investment into large-area development projects and the establishment of industrial zones; and, through Overseas

Chinese, we plan to open up diversified international markets. A number of industry-, technology-, and commerce-trade organizations will be organized and set up; and a number of state-owned large and medium-size enterprises as well as township and town enterprises with competent products will be granted autonomy in imports and exports. Steps will be taken to guide existing foreign trade and industry-trade companies to move in the direction of industrialization, formation of groups, and internationalization, thus spurring large numbers of enterprises to enter international markets. It is imperative that we optimize the export commodity mix and support the exports of mechanical and electrical, light industrial and textile, and new- and high-technology products. Efforts will be expedited to carry out the strategy of diversifying the market; and while maintaining and developing pre-existing markets in Hong Kong, Macao, Europe, the United States, and Japan, we will vigorously open up new markets in East Europe, the CIS, South America, Africa, the Middle East, and in neighboring countries and regions. Further action will be taken to promote foreign-related contracted projects and labor service cooperation; increase the output of labor service; expand the scope of contracted projects; gradually give shape to international contracting groups; and spur the exports of mechanical and electrical equipment, complete plants and equipment, and building materials. Vigorous efforts will be made to promote scientific and technological cooperation and exchange with foreign countries. It is necessary to continue running well enterprises outside the border, and to try hard to enhance their economic returns, fully utilizing their roles as "windows" and bridges, and enable them to service a larger-scale opening up.

We will promote economic and trade cooperation between Fujian and Taiwan and facilitate "direct exchange of mail, trade, and air and shipping services" across the Taiwan Strait. Efforts will be made to give full play to the geographic superiority and kin relations between Fujian and Taiwan, open up new channels to attract more Taiwan investment, and strive for a major breakthrough in the total amount of investment from Taiwan. We will integrate the introduction of Taiwan investment with Fujian's industrial structural reform, aiming to bring about new developments in such fund-intensive industries as petrochemicals, electronics, machinery, and raw and semi-finished materials. Special attention should be paid to the development of new- and high-technology industries. While efficiently running the existing Haicang, Xinglin, and Mawei Taiwan Investment Zones, we will build up large-scale Taiwan-invested projects. Efforts will be made to expand the personnel exchanges between Fujian and Taiwan; promote cultural, scientific, and technological ties; and bring about direct two-way exchanges in many fields. Efforts will also be made to expand indirect trade with Taiwan; set up more coastal trading posts; and turn areas such as Meizhou Wan, Dongshan Island, Pingtan Island, and Xiapusansha into key areas for Taiwan trade. Special policies and more flexible management methods will be adopted making

entry, exit, and transactions convenient for Taiwan compatriots, ships, and goods. We will increase the number of designated sea and air ports, try to carry out visa formalities in the entry ports of Xiamen and Meizhou Island, and do a good job in making preparations for direct "exchange of mail, trade, and air and shipping services."

III. We Will Tighten Our Grip on the Central Economic Construction Task and Boost the National Economy to a New Level

At present, the total economic capacity of Fujian is still relatively small and the economic level still lags far behind compared to advanced provinces and cities. It is the common aspiration of all of the people in the province to enable the national economy to increase at a growth rate slightly faster than the national average. The major economic task this year is, on the basis of maintaining a basic balance between total supply and demand, to shift the work focus onto the track of readjusting the economic structure, relying on scientific and technological progress, and enhancing the economic efficiency.

We should vigorously strengthen agriculture and try every means to achieve comprehensive agricultural harvests. Continued efforts should be made to conscientiously implement the spirit of the Eighth Plenary Session of the 13th CPC Central Committee, and the Fourth Session of the Fifth Fujian Provincial CPC Committee, and earnestly give prominence to strengthening agriculture and rural work. It is necessary to establish the concept of comprehensive agriculture; readjust the agricultural structure; devote major efforts to and seek breakthroughs in the comprehensive exploitation of mountains, sea, and farm land; enhance the comprehensive productive ability of agriculture; and open up a road of fine quality, high yield, and high efficiency. The following four integrations should be put into practice: The first is the integration of planting, breeding, and processing. The planting industry should continue to carry out the grain project, readjust the variety mix, and, while vigorously developing cash crops with specific local features, strive to attain a total annual grain output of over 9.1 million tonnes. The breeding industry needs to make efforts to breed new varieties, forge the scale of the industry, and set up a number of modern production bases for meat, eggs, and milk, as well as bases for earning foreign exchange through exports. Vigorous efforts should be made to promote the processing and added value of agricultural and sideline products and to increase the comprehensive efficiency of agriculture. The second is the integration of farming, forestry, animal husbandry, sideline production, and fishery. Continued efforts will be taken to carry out the "three-five-seven" project for forestry, to launch an afforestation campaign, and strive to basically attain the goal of afforesting all barren mountains this year. It is necessary to give play to Fujian's climatic and regional superiorities; vigorously promote the production of name brand, special-type, fine-quality, and rare fruits; and develop an additional 1

million mu of fruit production bases. Steps will be taken to develop deep-sea fishing, expand shoal-breeding areas, enhance the level of freshwater fish farming, and develop a number of highly efficient fish cultivation bases which can earn foreign exchange. Diversified agricultural parks, comprehensive agricultural development zones, and agricultural high-technology parks and zones will be developed in an effort to carry out agricultural production in depth. The third is the integration of agriculture, industry, and commerce. Vigorous efforts will be made to promote township and town enterprises, put into practice various types of joint-stock cooperative systems in township and town enterprises, and further organize and set up township and town enterprise groups which are based on competitive products and backbone enterprises. It is imperative that we earnestly promote agriculture that earns foreign exchange, improve the quality and grade of products, and enhance the competitive ability of agricultural and sideline products in international markets. Meanwhile, a considerable amount of labor will be transferred to develop the tertiary industries in rural areas. The fourth is the integration of agriculture, science, and education. It is necessary to set up systems of scientific research, dissemination, and application; speed up the tackling of difficult agrotechnical problems; spread the use of scientific and technological achievements; strengthen training in applicable agrotechniques; and try hard to enhance transforming scientific and technological gains into commodities. Continued efforts should be made to properly handle assistance to the poor as a major issue with a bearing on the entire situation in the province; speed up the transformation from providing enough food and clothing to comprehensive exploitation; with promotion of the household economy as the foundation, we should devote major efforts to reinforcing the rural collective economy; and create better production and living conditions for impoverished and difficult areas; and gradually narrow the gap with advanced areas.

We should vigorously readjust the structure and maintain appropriate industrial growth. Persistent efforts should be made to focus on the enhancement of economic efficiency, vigorously carry out structural reform, push forward technological progress, and strive to attain higher major industrial efficiency indexes than last year. It is necessary to continue to run state-owned large and medium-size enterprises efficiently; we should further put into effect a series of preferential policies and measures drawn up by both the central and provincial authorities; and concentrate our attention on the quality, variety, and efficiency of key trades, enterprises, and products. Strides will be taken to make up deficits and increase surpluses, reinforce the internal management of enterprises, work out the costs of production, and fulfill the target of turning deficits into profits in a comprehensive way. It is imperative to take market demand as our guidance and make use of Fujian's superiorities by promoting such light industries as food, daily-use ceramics, plastic products, textiles, papermaking,

machinery, building materials, and electronics. Meanwhile, vigorous efforts will be made to develop technologically difficult high- and new technological products that enjoy great market demand, high additional value, and a good capability of earning foreign exchange. New technologies, techniques, and materials will be used to transform traditional industries, so as to cultivate new- and high- technology industries and enable Fujian's industry to gradually take the road of: "Being light and export-oriented, using new and high technologies, and advancing by leaps and bounds." We will continue to regard name brand, fine quality, and competitive products as guidance; rely on key backbone enterprises; integrate technology with industry and trade; organize and set up 10 new enterprise groups; carry out diversified operations; and enable a number of backbone enterprises and products to enter the international market. It is necessary to accelerate the technological transformation of enterprises and give prominence to arrangements for transportation; energy; telecommunications; key raw and semi-finished materials; economizing on energy and reducing consumption; enhancing the quality and grade of products; increasing varieties; earning foreign exchange through more channels; ensuring safety in production; and making arrangements to improve the production environment. Efforts will be made to make a success of 20 key technological renovation products, including the renovation project to enhance Sanming Iron and Steel Plant's comprehensive capability of turning out 500,000 tonnes of steel; the self-contained renovation project for 100,000 cars; the No. 2 Dock in Mawei Shipyard; and the comprehensive potential-tapping renovation of Fuzhou Port. Vigorous efforts will be made to spread the use of 200 new technologies and techniques, develop 1,000 new products, enhance the technological level of enterprise equipment, and expedite the replacement of older generation products by new ones.

We must concentrate efforts on key construction and enhance the potential strength for future economic development. This year, the total fixed asset investment under ownership by the whole people will reach 1.44 billion yuan. Some 18 large and medium key construction projects will be started, of which 14 are continuation projects, including the Shuikou Hydroelectric Power Plant and the Fujian Oil Refinery, while four are new projects such as the Zhangzhou-Quangzhou-Xiaocuo Railroad project. We will also try to begin construction of a number of other projects, such as the Shaowu Bamboo Pulp Factory, the Longyan Super Piezo-Optic Paper Factory, the Xiamen Songyu Thermal Power Plant, the Longyan Sande Cement Factory, the Lianjiangshanzai Key Water Control Project, the Luoyansong Shan land reclamation, the soft-bed experimental Quanshou-Xiamen Section of the Fuzhou-Xiamen Highway, and the construction of Wuyi Airport. In the meantime, the state has also granted approval for the second line of the Heng-Nan [2897 0589] Railroad as a state plan item; and we will try to have two other projects approved of as items in the state plan, namely, the

300,000-tonne ethylene project and the Fuzhou Changle International Airport. All these are unprecedented projects in Fujian's history of construction; therefore, all localities and departments are required to give their full support, strengthen organizational building, give full play to the roles of fund raising organs of various types, raise funds through various channels, and ensure that all projects can be completed as scheduled.

We should try every means to enliven circulation and stabilize the market and make it flourish. We will develop a number of transtrade and transregional provincial or regional commercial enterprise groups in a planned way and enhance the organizational level of circulation. State-run commercial, grain, supply and marketing, and materials departments should try to do a good job in the wholesale business; enliven retail sales; set up a categorized reserve system for important commodities including grain; and impose more efficient controls and regulation over the market. In order to strengthen the building of commercial circulation facilities, 10 large-scale shopping malls covering an area of over 10,000 square km [area as published] and 100 supermarkets will be built. We will resolutely act in line with the State Council's "Regulations on Breaking Regional Economic Blockades and Abolishing Excessive Passes and Checkpoints;" earnestly screen and rectify existing passes and checkpoints; and try to abolish at an early date all illegal and inappropriate passes and checkpoints. With a view to protecting the interests of consumers, resolute efforts will be made to investigate and deal with counterfeit, inferior, and fake commodities. It is imperative to arrange market supplies in both urban and rural areas; do a conscientious job in stabilizing prices; and strive to keep increases in general retail prices within the limit that the state, enterprises, and the masses can bear.

We should strengthen financial and taxation work and further energize funds accumulation. Great efforts will be made to promote production and increase output, vigorously cultivate new financial resources, tighten the collection and control of taxes, and put an end to tax losses. It is necessary to impose strict control over the financial expenditures and purchasing power of social groups, and strive to bring about a balance between financial revenue and expenditure. Efforts will be made to further activate funds accumulation, vigorously organize savings deposits, readjust the credit structure, accelerate the circulation of funds, and enhance the efficiency of funds usage. It is necessary to perfect and promote the borrowing and lending markets at the provincial and prefectural levels, expand the scope of individual foreign exchange readjustments for residents within our borders, and set up interbank borrowing and lending markets. Efforts will be made to tighten control over and improve the structure of foreign debts; further promote the insurance industry and expand its scope; make better use of funds; and give service to reform, opening up, and economic construction.

We will vigorously promote science, technology, and education; and enhance the quality of the national

economy as a whole. In line with the principle that economic construction should rely on science and technology, while scientific and technological work should be geared to the needs of economic construction, we should persistently bring about an organic integration between science and technology and the economy. Continued efforts will be taken to carry out the "Spark" and "Torch" Plans, speed up the dissemination and application of the use of various scientific achievements, and build up 100 new scientific and technological demonstration townships and towns. It is necessary to expand various types of coordination among enterprises, scientific research institutions, and institutions of higher learning, and develop those enterprises that are guided by science and technology. We will continue to concentrate our energy on the two high-tech zones of Fuzhou and Xiamen; help give shape to the Quanzhou-Jinjiang-Shishi High-Tech Corridor; and cultivate the developing new and high technology points along railway lines in mountainous areas. Efforts will be made to strengthen scientific and technological exchanges and bring about the development of a science and technological market. We will pay attention to the introduction of patent technologies and capable personnel. Input into science and technology should be increased and conditions for scientific research improved. It is imperative to step up research in social sciences and score success in policy consultative service. We should show respect for knowledgeable and talented personnel and bring into better play the intelligence and wisdom of intellectuals. Experts and scholars who have made outstanding contributions to the state can enjoy a special government allowance, while science and technological workers who have turned out major inventions will win considerably large awards. Efforts will be made to set up and improve the system of protecting intellectual property rights and give play to the role of the patent system in scientific development and economic construction. We welcome those who are studying abroad to return and participate in socialist modernization, and give their services to repay the kindness of the motherland. Promoting education is a matter of fundamental significance in our efforts to enhance the quality of the entire nation. It is necessary to carry out the party's principles on education and speed up the pace of the comprehensive reform of education in both urban and rural areas. Further action should be taken to strengthen ideological and political work in schools, give priority to moral education, and enhance educational quality in a comprehensive way. Continued efforts will be made to raise funds through various channels and further improve conditions for running schools. Reform of the entrance examination systems for both middle and primary schools should be carried out in a planned way. It is necessary to expedite the development of junior middle schools, vigorously carry out the nine-year compulsory education, and strive to attain the goal of a provincial education attainment rate of 80 percent or higher for compulsory primary school education, 35 percent or higher for compulsory junior secondary school education, and 200,000 people will be helped to become literate. Vigorous efforts will be

made to promote vocational and technical education; we will have greater success in providing multilevel adult education through diverse means; and strengthen job technical training of various kinds. Institutions of higher learning are required to continue carrying out readjustments in their institutions, optimize the structure of different professions, nurture and train more qualified personnel, and adapt themselves to the needs of socialist modernization.

We must conscientiously do a good job in family planning, rational land use, and environmental protection. These are three basic national policies that are closely related to economic development. We should regard family planning as an important strategic task. We must persistently uphold family planning policies, indexes on population control, and the principle of the "three unchangeables" and the "three priorities," for which the principal leaders of party and government organs should assume overall responsibility. It is necessary to carry out the target management responsibility system, strengthen the development and basic work of grass-roots networks, and mobilize the entire society to make concerted efforts in this respect. It is necessary to work out a detailed plan for land management, make overall plans and arrangements for the use of land resources, and prevent soil erosion. Efforts will be made to reinforce the supervision, management, and activities of environmental protection and bring about the coordinated development of population, land, environmental protection, and the economy.

IV. We Will Strengthen Development of Spiritual Civilization, Democracy, and the Legal System, and Create a Better Social and Political Environment

An important guarantee for the development of a material civilization is the strengthening of socialist spiritual civilization, democracy, and the legal system. It is necessary to carry out the principle of using both hands to conduct the work. That is, we should use one hand to grasp reform and opening, and the other to grasp the work of cracking down on various criminal activities; we should use one hand to promote a socialist material civilization, and the other to develop a socialist spiritual civilization, democracy, and the legal system and to consolidate and develop a stable and united political situation.

We should make great efforts to strengthen the development of a socialist spiritual civilization. Various forms should be adopted to continuously carry out socialist ideological education activities in urban and rural areas, broadly and deeply conduct education in the party's basic line of "one center, two basic points," and conduct education in patriotism, collectivism, and national and provincial conditions, thereby further enhancing the socialist consciousness of the broad masses, increasing their national self-respect and sense of responsibility, and endeavoring to bring up more new socialist people with lofty ideals, moral integrity, good educations, and a sense of discipline. It is necessary to attach importance

to strengthening ideological and political work in the course of reform and opening, thus increasing the sense of reform and opening among the masses and prompting them into deeply understanding and actively participating in reform and opening. The creation of civilized cities, civilized county towns, civilized villages and towns, civilized units, and model cities (counties) doing double-support should be carried out extensively and intensively. Military-civilian joint activities in studying and building a spiritual civilization and carrying forward the fine tradition should be further carried out and efforts should be made to bring about more advanced collectives and progressive individuals in building socialist spiritual civilization. National defense education should be conducted more deeply among the entire people. The work of supporting the Army and giving preferential treatment to families of military officers and servicemen should be strengthened, and the unity between the government and the military troops and between the civilian people and the military troops should be reinforced. The activities of changing prevailing habits and customs, with "advocating six things and opposing six things" as the main contents, should be further carried on. Resolute action should be taken to check such evil things as feudal superstition, gambling, and the practice of waste and extravagancy. Good public conduct should be fostered.

We will take vigorous action to promote the development of cultural, public health, sports, and other social undertakings. Cultural work should adhere to the orientation of "serving the people and serving socialism," and to the "double-hundred" policy, and should continue to promote the "fragrant-grass program." More literary and art works of better quality should be created so that the people's mental and cultural lives can be further enriched. Public health institutions should properly prevent disease prevention and provide health care. Attention should be paid to the prevention and treatment of infectious and endemic diseases and other diseases that can seriously harm the people's health. In particular, it is necessary to reinforce the three-tiered health and medical care network in the countryside and to improve elementary health care for people in all localities. Medical personnel and institutions should improve their work style and service quality. The general health conditions of the public must be improved. Great efforts should be made to carry out patriotic health campaigns among the masses and improve sanitation conditions in urban and rural areas. Work in athletics should be focused on successfully organizing the 10th provincial games and preparing for the Seventh National Games. Physical training should be improved and skills in various athletic contests should be enhanced. Sports activities of all kinds should be widely carried out among the masses to enhance the people's health. Further efforts should be made to properly run journalistic, publishing, broadcasting, and television undertakings and to bring into play their role in uniting, inspiring, and educating the people.

We will further strengthen socialist democracy and develop the socialist legal system. Governments at all levels should perform their functions according to law, be conscious in abiding by state laws and regulations, and subject themselves to the supervision of the people's congresses and their standing committees. They should strengthen relations with the local committees of the Chinese People's Political Consultative Conference, with various democratic parties and non-party people, and with various mass organizations; they should give better play to their role in participating in the deliberation and administration of state affairs and in exercising democratic supervision. Greater efforts should be made to develop the legal system. The drafting of local laws and regulations and the formulation of various administrative regulations should be properly accomplished. The work of supervising and inspecting law enforcement should be strengthened. Those who do not act according to the law, who break the law while performing law-enforcement duties, and who bend the law for the benefit of relatives or friends must be seriously dealt with and brought to justice. Legal education for the purpose of popularizing legal knowledge should be continued so that all people will better understand the laws. The principle of "severely cracking down on crimes" should be further implemented. Resolute action should be taken to severely punish criminals who commit crimes such as prostitution, patronizing prostitutes, abducting and selling women and children, and using and trafficking drugs. A good job should be done with regard to developing the militia force and the reserve force, thus strengthening the reserve forces for national defense. Coastal defense and coastal management should be strengthened in order to guarantee the stability and security of the coastal and border areas.

V. We Will Further Change Our Work Style and Make Solid Efforts To Do Solid Work in a Down-to-Earth Manner

Governments at various levels should be conscious of adapting themselves to the requirements of the new situation, actually effecting self-improvement in doing government work better, and guaranteeing the smooth fulfillment of all tasks this year.

We will further emancipate our thinking and make great efforts to ensure the implementation of plans and policies. We should adhere to the party's ideological line of seeking truth from facts and dealing with everything in light of the actual situation; eliminate all old ideas and concepts that obstruct the development of productive forces; vigorously advocate the spirit of being courageous in thinking and making explorations and innovations; and be good at combining the central principles and policies with the concrete conditions in our own localities and departments, thus working in a creative way. At present, the general and overall principles have been formulated clearly and the key lies in making great efforts to put them into practice and ensure the effective implementation of the policies and measures at every work link concerned. It is necessary to do conscientious

work to organize and arrange implementation of the party's principles, policies, and work plans. At the same time, attention should be paid to some major issues that may affect the overall situation of reform, opening, and construction. These problems should be carefully solved on the basis of intensive investigation and study. Leaders should be good at discovering typical cases and summing up experience, using them to guide the work across the board. Leaders at all levels should strive to guard against formalistic and bureaucratic practices and free themselves from the shackles of paperwork and meetings in order to devote their energy mainly to doing solid work. In particular, it is necessary to properly accomplish the 15 things closely related to the people's production and day-to-day lives as specified by the provincial party committee and government, thus winning solid trust from the masses.

We will further transform government functions and enhance work efficiency. Various preparatory steps for the transformation of government functions should be properly accomplished in light of the principles of separating government institutions from enterprises, transforming their functions, streamlining the administrative structure, and raising work efficiency. Effective steps should be taken to reform the government's economic management pattern. Management power should be devolved and work procedures simplified. Attention should be paid to acting according to economic law and stress should be laid on more effective macroeconomic control. The government should mainly take care of important matters concerning the orientation and policies and should give planning guidance, offer services, create a benign environment, and carry out supervision and inspection. It should not interfere in affairs falling into the category of enterprise behavior. Governments at various levels and various government departments should perform their own duties and bear responsibility for things within their jurisdiction. At the same time, they should also increase coordination, overcome departmentalism and the unhealthy practice of passing the buck, and strengthen their overall functional capacity. Work procedures should be simplified and work discipline should be strictly enforced. Orders and bans must be obeyed, and the smooth implementation of administrative orders must be guaranteed. The study of economic theories and feedback should be strengthened. Attention should be paid to work supervision and inspection. A democratic and scientific policy-making system and a set of implementation procedures should be established and perfected so that government work can gradually move onto the path of institutionalization, standardization, and better organization in a scientific way.

We must further strengthen promoting clean government and developing a good government image. It is necessary to make great efforts to promote a diligent and honest style in government work, thus ensuring that governments serve the people wholeheartedly. It is necessary to set up and perfect the system of ensuring clean government and also to improve the supervision mechanism.

Unremitting efforts should be made to carry out struggle against corruption. Law violation and discipline cases of graft, embezzlement, bribery, blackmail, and abuse of office to pursue private gain must be resolutely investigated and handled. Firm action should be taken to check the practice of abusing public funds, giving gifts and dinners, issuing lavish bonuses in cash or in kind, going on sightseeing tours at public expense, and other activities that use the enterprises' financial resources. Unhealthy trends in various trades should also be resolutely checked. The practice of irregularly charging fees and imposing levies and fines must be banned. Leading members of governments at various levels should set a good example and play an exemplary role in strictly abiding by discipline, working hard, leading a plain life, and being diligent and honest in their work.

Deputies, we face a gratifying and also pressing situation at present. We must not miss the opportunity and time will not wait for us. We should rally more closely around the party central leadership with Comrade Jiang Zemin as the core, keep a high, enterprising spirit and a sense of historical responsibility, work together with one heart and one mind, break fresh ground and make advances in our work, bravely take new steps in the course of reform and opening, strive to begin a new stage in economic construction, and greet the successful convening of the 14th Party Congress with outstanding achievements in our work.

Hainan Government Work Report

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[Hainan provincial government work report delivered by Hainan Governor Liu Jianfeng (0491 0494 6912) to the Sixth Session of the provincial Conference of People's Representatives on 25 April]

[Text] Fellow delegates:

On behalf of the provincial people's government, I now submit a government work report to the session for examination and approval. Opinions and suggestions of the province's Chinese People's Political Consultative Conference [CPPCC] are welcome.

Part One: Work of 1991

The national economy presents a trend of supernormal development.

1. The year 1991 is the first year of Hainan's deepened reform and opening up, as well as the comprehensive fulfillment of all the social economic development quotas. Under the leadership of the Hainan CPC Committee and the support and supervision of the provincial people's congress standing committee and the CPPCC over the past year, and in light of the requirements of the relevant resolutions adopted by the Fifth Session of the Provincial Conference of People's Representatives, we have relied on and organized people of all nationalities

throughout the province to resolutely implement the principles and policies of the Seventh Plenary Session of the 13th CPC Central Committee and the State Council; upheld the principles of "applying policies, laying foundations, paying attention to implementation, and seeking efficiency;" taken economic construction as the central task; constantly enlarged the scope of reform focused on opening up; satisfactorily fulfilled the economic quotas and social development targets; attained simultaneous growth in production, construction, circulation, and revenue, and maintained social stability and market prosperity. The province's gross social product for 1991 totaled 18.4 billion yuan, an increase of 17 percent over the previous year (calculated in terms of comparable prices, similarly hereinafter); domestic total output value amounted to 10.9 billion yuan, up 15.5 percent; national income reached 8.86 billion yuan, up 14.7 percent; and total industrial and agricultural output value was 12.3 billion yuan (calculated in terms of 1990 fixed prices), up 15.9 percent.

2. In agricultural production, we conquered natural disasters and reaped bumper harvests. Despite the large area hit by drought last year and the two devastating typhoons, the provincial government earnestly strengthened leadership over agriculture, increased input, vigorously launched the drive to boost agriculture with science and education, mobilized all trades and professions and the army and people of the whole province to support agriculture, and won victories in combating disasters and providing disaster relief. We concentrated efforts to do a good job in grain production and farmland capital construction, carried out the 9024 project in an all-round way, transformed low-yield land, comprehensively developed high-yield paddy fields, increased the multiple crop index, and vigorously popularized the fine hybrid rice, which enabled grain production to reach a new level. We energetically adopted the "eight reform" measures, promoted development of sugar cane production, developed medium and deep water fishing, paid attention to salt and fresh water breeding, promulgated the "Decision on Several Questions Concerning the Accelerated Development of Township Enterprises," clearly defined the guidelines, targets, measures, and focuses of township enterprises, and attained marked successes in the measures of "unified planning, developing a large portion of land, comprehensive services, and management by households" adopted to support the poverty-stricken and nationality regions and revolutionary base areas. In the face of tremendous difficulties, the broad ranks of cadres and staff members of the state farms adhered to reform, strengthened management, fought in unity, and achieved good results, bringing the state farms' economy on the path to steady development. The province's gross agricultural output value amounted to 6.93 billion yuan (calculated in terms of 1990 fixed prices) in 1991, a rise of 11.3 percent over the previous year; a new record was set in total grain output, which reached 1.834 million metric tons, up 8.6 percent; sugar cane and rubber output hit an all-time high; and output of coconut, pepper, betel palm, coffee, and aquatic

products and the number of live hogs in stock increased in varying degrees over the previous year.

3. Industrial production increased by a wide margin and development of communications, transportation, post, and telecommunications further accelerated. The governments at all levels seriously launched the "quality, variety, and efficiency year" drive; worked out specific targets and measures; straightened out enterprise management systems; guided enterprises to pay close attention to readjustment of the product mix, enhance internal management, promote technological progress, improve product quality, develop new products and varieties, and do well the work of enterprise sales promotion and turning deficits into profits; and satisfactorily fulfilled all the production and technology quotas. The province's total industrial output value amounted to 5.37 billion yuan (calculated in terms of 1990 fixed prices) in 1991, an increase of 22.3 percent over the previous year. A balance was maintained in the proportion of light and heavy industries; marketable goods, famous and quality products, and semifinished goods increased in varying degrees; a total of 137 kinds of new products and varieties were developed in the year; quality improved steadily; and enterprise economic efficiency took a favorable turn. Transportation developed rapidly and the volume of cargo and passenger transportation and incomes of state enterprises from highway, railway, and waterway transportation increased over the previous year. Post and telecommunications developed rapidly and the volume of post and telecommunications increased sharply in the year. The volume of long-distance telephone calls and paging increased by over 100 percent.

4. The market recovered gradually and prices remained stable. To boost and enliven the urban and rural market, governments at all levels guided enterprises to effect a change in their operational mechanism and take an active part in market competition, unclog circulation channels, increase their adaptability to the market, and try all means to do well in commodity sales and supply of the means of production and livelihood. The commerce, supply and marketing, and agricultural departments vigorously organized purchases of urban and rural farm and sideline products. The grain departments introduced various kinds of operation. Hainan sponsored the first farm produce fair, organized procurement of off seasonal fruit and vegetables, and paid close attention to the "vegetable basket" project, which resulted in an ample supply of nonstaple food in the market. Thanks to regulation, control, and inspection over prices, prices of food and consumer goods remained stable. The volume of retail sales totaled 4.497 billion yuan, an increase of 12.4 percent over the previous year. The price index of social commodities rose 3.1 percent over 1990, lower than the price control target set earlier in the year.

5. A favorable trend was witnessed in tourism, and foreign exchange earned from tourism increased by a wide margin. We enhanced the position of tourism among Hainan's mainstay industries, defined the train

of thought for the supernormal development of tourism, drafted a series of management rules and regulations, screened and consolidated the tourist market, and strengthened management over tourism. We carried out extensive publicity abroad to attract more tourists. The meticulous organization and overall arrangements stepped up the development of tourist resources and building of basic facilities. We vigorously strengthened training of cadres and staff members and improved the quality of services. Over the year, Hainan received 1.406 million tourists from abroad and other parts of the country, an increase of 23.9 percent over 1990. The figure included 277,000 foreign tourists, a rise of 46.9 percent. Foreign exchange earned from tourism totalled 202 million yuan (foreign exchange certificates), up 55.6 percent.

6. We made a good beginning in boosting Hainan with science and education. Hainan held the first provincial scientific and technological conference, drafted a scientific and technological plan, proposed the strategic principle of "revitalizing Hainan with science and technology," and increased input in science and technology, which ensured new headway made in the province's science and technology. We implemented 10 Torch Plan and four Spark Plan projects at the state level and 22 provincial level Spark Plan projects, which proceeded smoothly. In the nationwide assessment, Hainan won gold prizes for five projects and silver prizes for eight projects. We also won gold and outstanding prizes for "photographic treatment system for medical purposes" and another project, and scientific and technological progress prizes or Spark prizes for 14 projects and prizes for 13 Spark Plan products. A total of 313 scientific and technological achievements and 81 patent applications were registered, which expedited the pace of popularization and application of the scientific and technological achievements. Hainan established an international science-technology industrial zone, where construction of 12 projects started, involving an investment of 114 million yuan and \$4.85 million.

7. Revenue increased sharply and bank savings and credit rose. The financial and taxation departments at all levels extensively sought financial sources, vigorously collected revenue, exercised strict control over expenses, strengthened management over taxation and budget, positively promoted financial and taxation reform, and ensured the steady growth of revenue. The province's revenue totaled 930.61 million yuan, a 25.9 percent increase over 1990, and expenditure totaled 938.76 million yuan—a rise of 11.3 percent. The sharp contradiction between capital supply and demand led to deficits. The main reason was: The central government decided that beginning in 1991, the local government would be responsible for 10 percent of the export tax reimbursement, for which Hainan had to pay an extra 25 million yuan. In the financial surplus, the balance of cities and counties dropped by a wide margin, and funds allocated for enterprise technical transformation, scientific and technological research, and expenses for court,

procuratorial, and public security organs increased. The financial departments opened channels for capital. Capital lending in the year totaled 18.5 billion yuan, which eased the capital shortages and supported Hainan's economic construction. The yearend balance of savings deposits in Hainan's state banks totaled 11.53 billion yuan, an increase of 31.9 percent over the previous yearend period; the balance of all kinds of loans amounted to 14.738 billion yuan, up 23.1 percent; and 2.65 billion yuan of cash was put into circulation, 700 million yuan more than the same period of the previous year.

8. Social economies of the nationality areas further developed and good results were achieved in the work to support the poor. The focus of the use of nationality subsidies was determined and rational arrangements were made for industry and agriculture, drinking water, housing renovation, and capital required for supporting the poor in the nationality areas. The establishment of rubber and mango demonstration bases promoted economic development of the nationality areas. The governments at all levels strengthened leadership over the work to support the poor and allocated 58.776 million yuan, which settled the problem of food and clothing for another 200,000 people in Hainan.

9. Living standards of the people continued to improve. Last year, the average net income of Hainan's peasants from production was 680 yuan, an increase of 4.3 percent over the previous year. Average income of the urban inhabitants for living expenses was 1,726 yuan, a rise of 9.6 percent. The balance of urban savings deposits reached 6.87 billion yuan, 31.5 percent more than the 1990 year-end period. By creating more employment opportunities, jobs were offered to 47,800 people, further bringing down the rate of those waiting for jobs. The area of urban housing increased somewhat and water and gas supply, highway construction, environment, and public health improved.

Marked results attained in development of export-oriented economy.

10. Foreign trade and exports increased drastically. Earlier in the year, the state unified the ratio of foreign exchange sharing and implemented the new system of "abolishing subsidies and assuming sole responsibility for profits and losses," which downplayed the superiority Hainan had enjoyed in policies and increased the difficulties in seeking sources of goods. In the face of such a situation, the provincial government stressed the necessity of strengthening management, made further efforts, and turned pressure into motive power; adopted a series of measures to encourage foreign exchange earnings through exports; and effectively aroused the enthusiasm of all kinds of enterprises for earning foreign exchange through exports. The volume of exports totaled \$670 million, up 42.1 percent from 1990, overfulfilling the state's export quotas. The structure of export commodities continued to improve. The varieties of export

commodities increased, the scope of the export market expanded somewhat, and better economic results were achieved.

11. A favorable trend was maintained in drawing foreign investment and cooperation with counterpart organizations at home. A plan for attracting investment from abroad and domestic counterpart organizations was drawn; special attention was given to import key projects; and services, coordination, and management were enhanced, which upgraded the work to a new level. In the year, Hainan approved investment by foreign businessmen, involving \$698 million, an increase of 290 percent. Actual investment by foreign firms amounted to \$176 million, 113.7 percent of the state's plan. Meanwhile, we enlarged the channel of the use of foreign capital. Hainan made use of \$8.4 million of foreign government loans, \$29.5 million of foreign banks' commercial loans, and \$1.05 million of World Bank loans. Investment by the interior was also brisk. While attracting foreign investment on a large scale, Hainan also maintained ties with the provinces, cities, and autonomous regions. In the year, Hainan approved 535 enterprises invested by the interior. The volume of agreed investment totaled 2.29 billion yuan, a rise of 173.3 percent over the previous year and the actual use of capital from other provinces reached 1.19 billion yuan, up 4.6 percent.

12. New headway was made in the building of the development zones. The year witnessed a major breakthrough in the world-acknowledged development of the Yangpu zone. Hainan's Investment Promotion Committee signed a letter of intent with Kumagai Kumi Limited on developing Yangpu. The green light given by the State Council in March this year for the development of the Yangpu zone will further boost the investment enthusiasm in Hainan. With the approval of the contract on leasing of 500 mu of land for basic facilities of the first phase, substantial progress was made in the development of 9 square km of land invested by the U.S. Washington Group. Development of the Huahang comprehensive zone was approved. A total of 2 billion yuan was invested in the Haikou Jinpan development zone, Yongwan industrial zone, development zone in the eastern part of the Haidian island, and the financial and trade zone, which proceeded in a favorable trend. The industrial zone of the old Chengmai city area entered a stage of comprehensive construction and the progress was smooth.

13. Construction of the basic facilities was further enhanced and the investment environment improved. Last year investment in Hainan's fixed assets totaled 4.56 billion yuan, a 28.4 percent increase over 1990. A total of 33 large and medium-sized projects were built in the year, of which construction of 10 were under way and of another eight started, and preparations were made for 15 projects, involving an investment of 770 million yuan. In energy construction, stress was put on transformation of the power network, which increased the capacity of power supply. Power generation was still

higher than consumption. Construction of the Daguang Dam hydropower project was in full swing. In transportation, container shipping services from Haikou to Zhangjiang and fruit and vegetable transportation services from Hainan to Fangcheng were available. Construction of the parking area and main runway started following the completion of the leveling of the Sanya Fenghuang airport. The Xifangbo dike project in Basuo harbor was completed in November last year. Progress of the east line expressway was smooth. In telecommunications, the province had 406 new lines for long-distance communications. There were 22,700 new telephone subscribers, bringing the number of urban subscribers to 86,700. Progress was also smooth in other key construction projects, such as the first phase project of the Haikou Tobacco Factory, Haikou Sewage Treatment Plant, Polyamide Fiber Factory, Curtain Factory, and the agricultural comprehensive experimental zone.

14. Foreign affairs activities were brisk and new successes were made in work for Chinese nationals residing abroad. The provincial government strengthened leadership over foreign affairs work and extensively conducted propaganda, thus creating a new situation in Hainan's external work. Hainan received 1,123 foreign guests in 129 groups, many of whom were high-level foreign guests, diplomatic envoys and reporters. This increased Hainan's reputation in the world. Meanwhile, Hainan also signed agreements and maintained ties with the friendly organizations and local governments of some countries. The Overseas Chinese affairs departments vigorously carried out propaganda work among Chinese nationals residing abroad, which enhanced our ties with the compatriots residing abroad and promoted the rapid development of work concerning Overseas Chinese. Investment by Overseas Chinese in Hainan totaled 350 million yuan last year. Donations by Overseas Chinese amounted to 38 million yuan, setting a new record.

Flourishing social undertakings.

15. The development of spiritual civilization continued. In light of the essence of the province's Eighth Five-Year Plan for developing spiritual civilization, focusing on publicizing the spirit of the Seventh Plenary Session of the 13th CPC Central Committee, and in connection with the 70th anniversary of the CPC's founding, governments at all levels unswervingly implemented the principle of giving equal attention to the building of material and spiritual civilization, further strengthened ideological and political work among the masses and cadres, and strengthened education on the party's basic line, socialist thinking, current affairs, and socialism in rural areas. Focused on enriching the people's cultural lives, beautifying the environment, and fostering new moral values, they vigorously developed various social undertakings and pushed the building of spiritual civilization to a new level.

16. The building of democracy and a legal system was further strengthened. The governments at all levels continued to adhere to and improve the system of reporting

to the people's congress standing committee and the system of exchanging information with the CPPCC; maintained close ties with the trade unions, youth leagues, and women federation; paid close attention to visits by the masses and their letters of complaints; and attentively listened to their views. Hainan examined and revised 47 local laws and government regulations, and promulgated four local laws and 28 government regulations for implementation. The provincial government handled all the motions proposed by the National People's Congress [NPC] delegates and provincial CPPCC members. New progress was made in the building of the grass-roots levels organs of political power.

17. The building of a clean administration was further strengthened. With the screening of private houses built by cadres in violation of law and discipline as the breakthrough of building a clean administration, the governments at all levels made a thorough investigation. A total of 4,205 cadres and staff members who built private houses returned 205,000 square meters of public housing, accounting for 95.2 percent of those who should quit from public housing. The governments at all levels took over the illegal rent charges and income from house sales, involving 4.848 million yuan, and handled 134 major and important cases. Checking the "three irregularities" and curbing the unhealthy tendencies were regarded as a major issue in running a clean administration from the latter half of the year. Within a short period, Hainan placed 908 cases on file for investigation and prosecution, wound up 493 cases, and punished 692 people, thus enforcing law and discipline, initially checking the unhealthy tendencies, and increasing efficiency of the organs. The auditing organs examined the accounts of 746 units, found out 489.77 million yuan gained through illegal means, and turned over 61.01 million yuan to the state.

18. Marked results were achieved in improving social order. The governments at all levels adopted forceful means and offered necessary guarantees and support in material and financial resources, personnel arrangement, and organizations. The measures for improving social order were further implemented. Hainan's social order was maintained by arousing and relying on social forces to make concerted efforts, exercise management, attack and prevent criminal activities, and deal with both symptoms and root causes. While carrying out the struggles against "seven vices" and "pornography," Hainan resolutely cracked down on ugly social practices, waged a struggle against smuggling, and effectively checked smuggling along the coast. Judiciary, state security, border defense, and fire prevention were further strengthened.

19. Education, culture, and sports developed normally. The adherence to the orientation of running socialist schools in education work and increased input in education ensured continuous development of various education undertakings. Expenditure for education increased and education facilities improved. Hainan renovated

100,000 square meters of dangerous buildings in primary and secondary schools, bringing the rate of dangerous buildings down to 15.2 percent. Elementary education was strengthened somewhat, the nine-year compulsory education was implemented in a planned and step by step manner, and the rate of children attending schools and education quality both increased. The rate of school-age children attending school was maintained at around 98 percent. The education structure improved remarkably; new headway was made in higher education, vocational and technical education, adult education, education for nationalities, kindergarten education, and special education; and a system of running various kinds of school at all levels took shape. Under the guidance of "paying attention to consolidation on the one hand and prosperity on the other," new progress was made in cultural work. Hainan created a number of outstanding operas; sponsored a series of large-scale performances; published a great quantity of good, influential books; and built four television stations and 74 television relay stations at the provincial, city, and county levels. We consolidated and strengthened management over the video, books, and periodical market and the cultural and amusement places, which promoted development of the cultural undertakings. There was very much sports activity. During the year, Hainan's athletes participated in 24 games at home and abroad, scored good results, won 25 gold and 17 silver medals, an increase of 13 and 9, respectively, over the previous year.

20. New achievements were attained in public health and family planning work. Thanks to earnest implementation of the policy of "putting prevention first," medical work and public health developed remarkably. We improved the medical conditions, renovated the clinic buildings of 86 townships, transformed 21,200 square meters of dangerous buildings, replenished the medical facilities of all kinds of hospitals, and transferred doctors and nurses to strengthen the clinics. The new building of the Haikou outpatient department of the provincial people's hospital was completed and went into operation. Planned immunity and material and child hygiene were strengthened somewhat. Environmental hygiene continued to improve and the general rate of infectious diseases dropped by 6.68 percent. In view of the characteristics of the large number of floating population and difficulties in planned parenthood in Hainan's rural areas, we strictly implemented the CPC Central Committee's "Decision on Earnestly Strengthening Family Planning Work and Bringing Population Growth Under Control" and Hainan's relevant regulations, vigorously introduced the population target responsibility system, enhanced management over family planning, and paid close attention to implementation of the birth control measures. Hainan's population was 6.74 million by the end of 1991 and its natural growth was 17 per thousand, lower than the planned quotas.

Marked progress made in structural reform.

21. Successes were made in the reform of the grain purchase and marketing prices. In the reform of the grain purchase and marketing prices last year, Hainan took the lead in the country in changing the state listed prices to state guidance prices and practiced the same price for purchase and marketing. Although it was a relatively big step, practice proved that the effects of the reform were good. Hainan's grain prices and market remained stable. We initially straightened out the relations between the financial, grain, and banking departments, alleviated the financial burden, enlivened the credit of some banks, and aroused to a certain extent the enthusiasm of the peasants for growing and selling grain. The relevant departments of the State Council highly of this reform on many occasions and affirmed it.

22. An important step was taken in the reform of the social insurance system. Theoretical representations and designing of five social insurance systems—which include security for the elderly, the unemployed, and the injured, medical care, and free medical services—were complete. The provincial government promulgated these in the form of regulations, which went into effect on 1 January 1992, and evoked repercussions within and outside the province. The new social insurance system coordinated with Hainan's new market economic system, covering all trades and economic units in the province and creating favorable social conditions for invigorating enterprises and promoting the development of the labor market.

23. Experiments in the joint-stock system were vigorously and steadily carried out, and enterprise reform developed in depth. Hainan set up a joint-stock experiment leading group and completed the work of standardization and reorganization of five enterprises and the issue of shares within these enterprises, which ensured smooth progress of the joint-stock experiment. The contract responsibility system was extensively implemented. On the basis of summing up the experience of the contract responsibility system implemented by the first round of enterprises, 82 percent of Hainan's state enterprises improved the second round of the contract system and made the contract quotas more reasonable. Good results were also attained in the reform of distribution, personnel, labor, and quality control within enterprises.

24. The market system further improved and new steps were taken in other reforms. New headway was made in development of all kinds of markets. Hainan established a farm produce wholesale market and held a large-scale farm and sideline produce fair for the first time, which enlivened and boosted the market for farm and sideline produce. The capital, technological, labor, and real estate markets were brisk, and over 90 percent of the varieties of commodities were regulated by the market. The provincial government also established a market building leading group to work out an overall plan and make arrangements for the market organizational building. Thanks to implementation of the supporting measures, new progress was made in other reforms

which straightened out the structure of "small government and big society." New headway was made in rural reform and county level comprehensive reform.

The difficulties and problems.

25. Despite the great achievements attained in Hainan last year, there were still many difficulties, problems, and weak links in economic work. In agriculture, the circulation channel was clogged, farm products were unmarketable, the socialized service system was yet to be improved, science and technology were not spread to the rural areas, irrigation and other facilities were weak, there was a lack of capacity to resist disasters, and there were shortages in the means of production, chemical fertilizers in particular. The rural collective economy was still weak and township enterprises had developed at a slow pace, which required further improvement. The task of supporting the poor was arduous and difficult. Farms had also encountered difficulties, their products were unmarketable, and economic efficiency was poor. In industry, some state enterprises suffered from grave deficits and their efficiency was poor because of improper management, inferior product quality, and sluggish sales of products. In commerce and trade, we had to depend on the interior for the sources of goods for foreign trade and exports, the means of exports was limited, and further efforts were required to develop trade with the CIS, east European countries, and the surrounding nations. The market system was yet imperfect and the commercial and supply and marketing enterprises suffered from heavy deficits. In finance, the structure was irrational and the financial resources were instable, making it difficult to maintain a balance between revenue and expenditure. Despite the sharp increase in revenue, there were still deficits. In urban management, there were still problems of construction projects developed in violation of regulations. There was also confusion in the use, leasing, and transfer of land. Management over the real estate market was a relatively weak link.

26. The investment environment needs to be further improved and the building of basic facilities must be strengthened. While ensuring quality, the pace of some major construction projects must be accelerated. The work style of organs requires further improvement. Influenced by outdated concepts and conventions, some comrades are not yet free-minded and they lack the energy to forge ahead. Because of a superficial and dilatory work style and the practices of shirking responsibilities and disputing over trifles, efficiency of the organs is low and bureaucratism and formalism are rampant. Overstaffed organizations and endless meetings constitute a prominent problem. Although the size of some government organs is small, they have not effected a change in their functions. Some are still used to handling work in light of "big government" rules and exercising management over affairs beyond their scope and control. These problems, which merit the attention of governments at all levels, must be earnestly resolved by summing up experiences and lessons in future work.

Meanwhile, we hope to continue to obtain the supervision, support, and help of the People's Congress delegates, CPPCC members, and the people of the entire province. Public order is not yet satisfactory. Cases of serious robbery and violence are on the rise and criminal offenses and fighting with weapons between groups of people are still serious in some localities.

Some personal understanding.

27. The past year was the first in Hainan's implementation of its Eighth Five-Year Plan and 10-Year Program, and a year in which Hainan greeted a supernormal economic development following a sound foundation laid over the years. The State Council's document No 24 (1988) set the target: "Strive to catch up with the average national economic level within three to five years." In the report adopted by the First Session of the Hainan Provincial Conference of People's Representatives, this target was given as: "Hainan's gross national product [GNP] should reach 10 billion yuan around 1990 to 1992 and the average income should amount to 1,500 yuan, namely, redoubling in three to five years." Four years have elapsed and Hainan's GNP has reached 10.9 billion yuan and average income, 1,631 yuan. The strategic target of the first stage has been attained. This is the result of the guidance of the CPC Central Committee's correct line; of correct leadership of the provincial party committee; of the supervision and support of the provincial People's Congress Standing Committee, people's representatives, and CPPCC and its members; of unity and hard work of the people of all nationalities in Hainan by adhering to "one center, two basic points;" and of the common efforts of the Hainan people and the comrades and friends from the provinces, autonomous regions, and municipalities, and investors and builders from all parts of the world. Looking back at the work over the past four years, particularly in 1991, I have the following personal understanding:

28. Opening up is the focus of all work in Hainan. Without opening up, there could be no Hainan special economic zone [SEZ]. As we firmly grasped the focus of opening up in our economic work and developed the productive forces, Hainan could attain the strategic target of the first stage in 1991 when the country was just stepping out of the lowest point in opening up and economic development. The purpose of the central authorities in running the SEZ was to make use of foreign capital to establish a number of supernormal economic development zones. In the four years since Hainan became a province, investment in fixed assets totaled 13 billion yuan, around 150 percent over the total sum of the 35 years before the establishment of the province and the SEZ. Of the total investment in fixed assets, two thirds come from investment by foreign firms and other provinces and the remaining one third is realized thanks to reform and opening up. Viewed from the changes in the structure of the source of investment in fixed assets, Hainan's economy is swiftly embarking on the export-oriented track. Opening up has provided

Hainan with qualified personnel, capital, and technology, as well as bright prospects. To firmly grasp economic development by proceeding from Hainan's reality, it is necessary to have a firm grip on opening up. Herein lies the great potential for Hainan's supernormal economic development.

29. To expand the scope of opening up, it is necessary to deepen reform and promote opening up and development with reform. The reform of the traditional structure last year has enabled Hainan's economic structure to continue to advance along the path of suitable to the supernormal development of the big SEZ. Practice has proved that it would have been impossible for Hainan's economy to smoothly become an export-oriented one, to rapidly improve the investment environment, and to attract capital from home and abroad without the sustained reform over the years, the development of a market mechanism, and a change in government functions.

30. Building well the basic facilities and offering a fine investment environment are the necessary conditions for attracting investment from abroad and other provinces. In the course of continuously improving the investment environment, we can attract foreign firms to engage in the development of various undertakings. This is what we mean by "building nests to attract birds." At the same time, we can also "attract birds to build up nests." In other words, foreign investors can engage in reclamation and building of basic facilities, and then attract manufacturers to develop productive projects. We can say that Hainan now has a relatively good investment environment.

31. In the course of reform, opening up, and economic development, we should not neglect the development of a clean administration and the struggle against corruption. To run a clean administration and punish corruption, it is necessary to conduct ideological education and strengthen mass and social supervision. Only by encouraging every cadre to work selflessly for the public interest, follow the laws, lead a plain life, and consciously resist all decadent ideas can our government have cohesive power and appeal, can the ranks of our cadres be tough, and can reform, opening up and other policies be correctly implemented, thus ensuring the smooth progress of economic construction.

Part Two: Tasks of 1992

Get a clear understanding of the situation and further emancipate the mind.

32. The year 1992 is the fifth year since Hainan became a province and an SEZ, a crucial year for Hainan to implement its Eighth Five-Year Plan, and the year for carrying out great reform, opening up, and construction. Hainan now has a favorable opportunity for the development of its economic construction. In the volatile and changing world, China scored great diplomatic achievements. China is resuming and developing its ties with Japan, West Europe, and the United States. Hainan's

neighboring nations and regions are the most vigorous place where the economy has developed fastest in the world. They now have an increasing interest in investing in Hainan. There are large numbers of Hainan inhabitants who are residing in Southeast Asian countries. All this constitutes a fine opportunity and favorable conditions for Hainan to implement its great principle of opening up and developing an export-oriented economy. Viewed domestically, the task of economic improvement and rectification has been accomplished. A new upsurge of promoting economic construction with reform and opening up has started nationwide. The building of Hainan's basic facilities has been further accelerated, the investment environment has improved with each passing day, and the number of foreign businessmen investing in Hainan has increased sharply. Full play will be given to the production capacity of many projects. The rural economy has developed comprehensively, the market is brisk, and preferential policies offered by the central authorities to Hainan will be further implemented. All this has laid a solid foundation for Hainan's supernormal economic development.

33. We should be soberly aware that there are also many difficulties in this year's economic work. Because trade protectionism is gaining ground in the developed Western countries, they will exert all kinds of pressure on us, which will increase our difficulties in exports. Because of the poor economic efficiency of Hainan's state enterprises, the problem of serious deficits cannot be thoroughly resolved within a short period. The limited revenue has resulted in a shortage of financial resources. Because of the unitary structure, the tasks of readjusting the industrial setup and product mix are arduous. For this reason, we should be aware of the favorable conditions and also squarely face the difficulties, fully arouse the enthusiasm of various fields, and consolidate and develop the favorable situation.

34. Under the new situation, we should further emancipate our minds. Recently Comrade Deng Xiaoping repeatedly stressed the necessity of being free minded, bolder, taking quicker steps, and unswervingly advancing along the road of building socialism with Chinese characteristics. Party and state leaders reiterated on numerous occasions on comprehensively implementing the party's basic line of "one center, two basic points," further deepening reform and opening up, and wholeheartedly carrying out economic construction. To seriously study and profoundly understand Comrade Deng Xiaoping's talks in connection with Hainan's reality, it is necessary to further emancipate the mind and promote the great development and construction of the Hainan SEZ with the principle of great opening up and reform. Further emancipation of the mind refers to firmly grasping the central task of economic construction and focusing all work on this center, "when the tree has taken root, it can brave the winds from all directions." To further emancipate the mind, we should fully understand that reform and opening up is the road to make the country prosperous. Without reform and opening up, it

will be impossible to make the country prosperous, the people affluent, and to carry on socialism. To further emancipate the mind, it is necessary to have the courage to blaze new trails. Without courage and pioneering spirit, it will be impossible to break a new path and build a career. As socialist reform and opening up is an unprecedented undertaking, it is necessary to make bold explorations, dare to blaze new trails, do things never done by others before, and spread the achievements and correct the mistakes. To further emancipate the mind, it is necessary to remove all interference and to be on alert for right tendencies, but mainly guard against "left" tendencies. The leaders at all levels should support and cherish the reformers who are devoted to blazing new trails and dare to take the risk of reform. To further emancipate the mind, it is necessary to seek truth from facts and creatively carry out work. We should handle affairs according to international practices, be good at dealing with foreign businessmen, and make the most of the experience gained from the participation in international economic competition. We should cherish the current favorable situation, inspire enthusiasm, seize the opportunity, fight in unity, forge ahead, and push all work in Hainan to a new stage with higher standards, quicker speed, and better efficiency.

35. The guiding ideology for the provincial government work in 1992 is: Unswervingly implement the party's basic line of "one center, two basic points," firmly grasp the center of economic construction, further emancipate the mind, and promote great development and construction with great reform and opening up. We should further implement the principle of "applying policies, laying a solid foundation, grasping implementation, and seeking efficiency," seize the favorable opportunity to boldly draw foreign investment and accelerate the pace of cooperation with counterpart domestic organizations, invigorate the state-owned enterprises, expedite the rural economy, pay close attention to revitalizing Hainan with science and technology, and give priority to the development of tourism. The building of socialist spiritual civilization should be strengthened to ensure the super-normal development of economic construction and all other undertakings and to set off a new upsurge of development and construction of the Hainan SEZ.

36. In light of the above guiding ideology, the main economic quotas and tasks for Hainan this year include: The GNP should increase by 14 percent over the previous year and we should strive to exceed it by 15 percent; the gross social output value should reach 21.6 billion yuan, up 15 percent, and we should strive to increase it by 16 percent; the gross value of agricultural output should increase by 6.1 percent and we should strive to exceed 9 percent; the gross value of industrial output should increase by 19.5 percent and we should strive to outstrip 21 percent; national income should amount to 10.3 billion yuan, an increase of 13.5 percent, and we should strive to reach 15 percent; investment in fixed assets should total 5.5 billion yuan, a rise of 20.6 percent; local revenue should reach the target of 980

million yuan, up 5.3 percent; retail price hikes should be kept within 5.5 percent; and the population should total 6.88 million by the end of the year, keeping the natural growth rate within 17.71 per thousand.

We should comprehensively deepen reform and establish a new market economic system.

37. Reform is aimed at emancipating and developing the productive forces. The general requirements of Hainan's economic structural reform for this year include: In light of the requirements of a large-scale opening up, development, and supernormal economic development, we should increase the scope and accelerate the pace of reform. We should expand the scale of reform, be bolder, and take quicker steps. We should take bigger steps, particularly in important and sensitive reforms such as the joint-stock system and the lifting of restrictions on prices, and establish and improve a new market economic system suited to the rapid development of Hainan's export-oriented economy. The following integrations should be noted in comprehensively promoting reform: integration of price reform and market development, integration of changes in the enterprises' operational mechanisms and introducing them to the market, integration of strengthening macroeconomic regulation and control with improving the functions of "small government," and integration of enterprise internal reform with the supporting reforms of social insurance and housing.

38. The market mechanism should be improved, focusing on price reform. To effect a change in the enterprises' operational mechanism, unclog the circulation channels, and introduce enterprises to the market, it is necessary to develop and improve the market. In price reform, we should seize the opportunity of having stable prices to narrow the difference between plan and non-plan prices, and limit the contradiction between market demand and production to bring about a change from similar prices for the purchase and marketing of grain to negotiated prices for purchase and marketing, and steadily complete grain price reform. At the same time, we should gradually merge the planned and market prices of 19 kinds of major production materials and let the prices be regulated by the market. It is necessary to speed up the reform of the state commercial structure; gradually improve the new wholesale system based on perfecting the contracted responsibility system; steadily establish industry-commerce, agriculture-commerce, and commerce-commerce enterprise groups; enhance the enterprises' internal operational mechanism; lift restrictions on operations, prices, employment, and distribution; and increase the competitiveness of state commercial enterprises in the market. We should pay attention to reform of the circulation of farm and sideline produce, run well the futures market for farm and sideline produce, and set up exchanges for farm produce. It is necessary to further develop the financial, labor, technology, and real estate markets.

39. We should boldly introduce reform of the joint-stock system and effect a change in the enterprises' operation mechanism. The joint-stock system is a good means for mustering construction funds and exercising supervision over enterprise management. We should vigorously carry out experiments in issuing shares and on the securities exchange markets so that joint-stock enterprises can better serve the SEZ. While improving the contract responsibility system, Hainan's enterprise reform should focus on introduction of the joint-stock system. We should vigorously create conditions and select a number of mature and properly managed enterprises experiment with the joint-stock system and gradually expand the scope of the experiment and promote the joint-stock system by organizing enterprise groups, transforming old enterprises, and developing township enterprises. It is necessary to effect a change in the enterprises' operational mechanism and genuinely introduce enterprises to the market. Deficit enterprises whose debts outstrip their assets should go bankrupt according to the law. Enterprises that cannot be reinvigorated will be closed down, suspended from production, merged with other enterprises, or switched to the manufacture of other products. The reform of the enterprises' internal operational mechanism should be enhanced. All large and medium-sized state enterprises should make efforts to bring about a change in the enterprises' operational mechanism. It is necessary to continue to improve the various forms of the contract responsibility system and reform the enterprise labor, personnel, and wage distribution systems. We should gradually break the boundaries between enterprise cadres and workers, vigorously pursue an enterprises all-personnel labor contract system, amalgamate the old and new employment systems, implement a wage system that links total enterprise payroll with economic efficiency, establish and perfect a regulation and control mechanism for payroll, and a mechanism for normal wage growth, invigorate the enterprise internal distribution system, and extend decision-making powers of enterprises so that they can become commodity producers and operators who carry out independent operation and assume sole responsibility for their profits and losses, and who develop and restrain themselves.

40. We should comprehensively introduce reform of the social insurance system. Acceleration of the reform of the employment, security, injury, and medical insurance systems constitutes an important component part of deepening enterprise reform and improving the new market economic system. It will be conducive to the rational flow of labor and all production factors amid equal competition and bring about readjustment of the industrial setup and optimization of the distribution of resources. In 1992, Hainan will establish a new social insurance system, comprehensively and effectively implement a unified social insurance system, earnestly implement the regulations on social insurance promulgated by the provincial government.

41. We should continue to perfect the new system of "small government and big society" and strengthen

indirect management. In light of the principle of separating the functions of the party and the government, and of the government and the enterprises, we should clearly define the limits of authority of all government departments and establish and perfect the management by objective responsibility system and assessment system. Government departments at all levels should further simplify administrative procedures and delegate powers and fully arouse the initiative, enthusiasm, and creativity of enterprises and the grass-roots level. We should strengthen the capacity of macroeconomic regulation and control of the "small government" based on indirect management and do a good job in the reform of departments that serve as "economic levers." We should further promote reform of the financial system. While consolidating and developing various financial organizations, we should create conditions for developing local banks, encourage foreign banks to open up branches, and guide the issue of enterprise bonds and shares. The reform of the taxation system should be carried out step by step. We should comprehensively implement the tax collection and management system in which "collection is separated from management and investigation" and try out the dual budget system. It is necessary to reform the functions and methods of planned management, maintain overall balance, and strengthen policy guidance and indirect regulation and control.

Meanwhile, it is necessary to vigorously introduce housing reform, financial reform, state assets management reform, rural reform, comprehensive county-level reform, and circulation reform. In the course of these reforms, we should be good at drawing all the civilized achievements of human society and assimilating advanced foreign technology, operation and management methods, and international standards to serve construction of the SEZ. We should boldly make explorations, forge ahead, increase our capabilities in practice, and forge a new path.

We Should Strive To Bring About the Supernormal Development of the National Economy

42. Further efforts will be taken to reinforce agriculture's position as the foundation, and to constantly strengthen the rural economy. Agriculture is the national economy's foundation. On the basis of stable agricultural development and unceasing improvement in the outlook of rural areas, we can attain supernormal development in Hainan's national economy. Therefore, we need to further strengthen leadership over agriculture; expedite agricultural reform; and strive to bring the total output of grain to 1.9 million tonnes, sugar cane to 3.9 million tonnes, dry raw rubber to 180,000 tonnes, meat to 185,000 tonnes, and aquatic products to 220,000 tonnes. It is necessary to improve the conditions of agricultural production, earnestly do a good job in the construction of farmland water conservancy and comprehensive agricultural exploration, and bring about high and stable yields in the production of grain and major cash crops. We will optimize the industrial structure, and develop an agriculture with fine quality and high efficiency. Efforts

will be taken to accelerate the construction of fertilizer and commodity grain bases, continuously do a good job in the exploration of high-yield rice fields, and expedite the renovation of intermediate- and low-yield farmland. Great strides will be taken to rejuvenate agriculture through science, technology, and education and vigorously provide training on agricultural techniques. The development pace of township and town enterprises will be speeded up. Earnest efforts will be made to promote the production of aquatics, animal husbandry, and tropical plants; and to develop in a planned way, a number of tropical plant production and processing bases on a certain scale, including coconuts, mangoes, and cashew nuts. It is necessary to close hillsides to facilitate afforestation, and impose strict control over forestry consumption. Vigorous work will be done to assist and explore poor areas; give more financial and material support to these areas; enhance the self-supporting capability of mountainous areas; and enable old revolutionary base areas, areas inhabited by minority nationalities, and poor areas to become rich at an early date. Efforts will be made to gradually reinforce the strength of the collective economy and provide socialized services in rural areas. Reclamation farms should expedite their structural reform, expand their operational scope, intensify their concept of the market, enhance economic efficiency, and strive to open up new prospects in economic construction.

43. In the field of industrial production, we should focus our efforts on economic efficiency and try to launch new projects and scale new heights. Industry is the guide of Hainan's economy, and also a major factor in bringing about supernormal development of the national economy. Therefore, while continuously encouraging efforts to utilize domestic and foreign investment in the development of industrial projects, we need to devote major efforts to readjusting the product mix, enhancing economic efficiency, transforming the enterprises' operational mechanism, stepping up technological progress, and maintaining Hainan's high-speed industrial growth. This year's major targets of industrial production are as follows: gross industrial output value should reach 6.42 billion yuan, up 19.5 percent over the previous year, and efforts will be made to bring the growth rate up to 21 percent; profit and tax should reach 130 million yuan, up 8.33 percent over the previous year; and the total number of enterprises running a deficit should be reduced to less than 30 percent. We will focus our attention on economic efficiency and continue to readjust the product mix and the industrial structure. It is necessary to select some technically-advanced and competent key products as our guide, take the road of specialization and formation of enterprises groups, promote economies of scale, determine production output in accordance with market demand, and enable enterprises to compete for survival in real terms in the market. This year, Hainan plans to start 73 key technical renovation projects, 12 of which are continuation construction projects and 61 are new projects, involving a total investment of 550 million yuan. Efforts will be

made to strengthen and improve enterprise operation and management, pay great attention to enhancing product quality, and to advocate the use of product quality as the determining factor in production. Starting with the external environment and the enterprises' internal mechanisms, we will try our best to do a good job in running state-owned enterprises throughout Hainan. Efforts will be made to comprehensively grant autonomy to enterprises, resolutely check infringements on their legitimate rights and interests, stop unnecessary investigations and appraisals on enterprises, lighten their burdens, and create external conditions for running these enterprises well. On the other hand, enterprises should devote major efforts to transforming their operational mechanism, perfect their "internal skills," and take the initiative to gear themselves to the needs of the overseas and domestic markets.

44. Strides will be taken to further develop circulation channels and vigorously open up new markets. Opening up new markets and activating circulation are important links in bringing about the supernormal development of Hainan's economy. Governments at all levels should devote major efforts to controlling commodity circulation well, especially the circulation of agricultural products. It is necessary to give full play to the superiorities and enliven wholesale in state-run commercial, grain, and material departments, as well as in supply and marketing cooperatives, and vigorously bring into play the positive roles of individuals, the private sector, and other economic elements with an eye toward making the market flourish. Efforts will be made to strengthen cooperation between industry and commerce, and between agriculture and commerce; give play to the guiding role of circulation in production; step up production and sales of marketable products; and devote major efforts to solving problems that have cropped up in recent years, including "difficulties in selling grain, sugar, and rubber." We will try to activate the market, concentrate efforts on doing a good job in running a number of large-scale backbone markets that are geared to both the needs at home and abroad, develop specialized wholesale and futures markets with Hainan characteristics, reinforce the construction of basic market facilities, and build up one or two large-scale modern shopping centers in a planned way in Haikou and Sanya cities. Vigorous efforts will be taken to promote vegetable production in suburban areas, set up a number of agricultural product fairs in urban districts, and add more varieties to the "shopping baskets" of the masses of the people. Work will be done to further remove various checkpoints and passes in the circulation field; earnestly strengthen market management; and strike heavy blows at the illegal activities of bullying people, dominating the market, and entrapping the masses.

45. Tourism's guiding role should be brought into full play within a certain period. Being an industry that can achieve quick results, earn more foreign exchange, and bring about comprehensive benefits to society with less investment, tourism is generally regarded as the guide of

industrial investment. Hainan enjoys rich tourist resources, and has huge a potential and broad prospects in promoting tourism. We will conscientiously put into effect various preferential policies granted by the state with a view toward helping Hainan promote its tourism, raise funds through various channels, and promptly turn tourism into one of Hainan's pillar industries. We will do a good job in the planning and construction of Sanya Tourist Development Zone; and devote major efforts to such key projects as the Yalongwan Development Zone, Sanya Tourist Duty-Free Shopping Center, and the Shimeiwan Development Zone. Tongshi city and its neighboring areas inhabited by minority nationalities are also required to give prominence to exploring tourist resources, strengthening basic facilities, and building scenic tourist spots. This year is the International Year of Tourism and Sightseeing. We should seize this favorable opportunity, expand propaganda in overseas areas, and enhance Hainan's popularity. Efforts will be made to promptly work out Hainan's overall planning of tourist development, give prominence to the development of key areas, and strengthen the management of various trades and professions. Action will be taken to check phenomena of "filthiness, disorder, and imperfectness" in key urban cities, areas along transportation lines, and tourist zones and spots; rectify social order in these areas; and establish a sound and civilized image for Hainan.

46. Vigorous efforts will be made to expedite scientific and technological progress, and implement in a down-to-earth manner the strategic principle of "rejuvenating Hainan through science and education." Science and technology constitute the primary productive force. Vigorously developing science and technology and relying on scientific and technological progress is a fundamental way for Hainan to bring about a rapid economic rise and attain supernormal growth. The entire society should enhance its awareness of science and technology, and earnestly shift the focus of economic construction onto relying on scientific and technological progress and enhancing the quality of laborers. Efforts will be made to further strengthen the leadership over scientific and technological work, increase input into science and technology, and set up a multilevel and multichannelled scientific and technological investment system. It is necessary to deepen the structural reform of science and technology, further activate the management of scientific research, give a free hand to scientific research personnel in their work, and build up a scientific and technological operational mechanism which suits Hainan's economic development. Scientific research institutions under the central authorities and from other provinces and cities are welcome to set up branches in Hainan and help reinforce Hainan's scientific and technological strength. Vigorous efforts will be made to integrate science and technology with the economy. We will continue to attract all kinds of able personnel to Hainan; further improve the working, studying, and living conditions of scientific and technological personnel; and mobilize their enthusiasm in work. It is

necessary to perfect the awards system, and give big awards to scientific and technological personnel who have made outstanding contributions. This year, we will devote major efforts to the establishment of the Hainan International Scientific and Technological Industrial Park and the Haikou Scientific and Technological Street, conscientiously carry out the "Project for the Protection and Development of the Jianfengling Tropical Rain Forests," and run well the Technical Center for the Project of Breeding Agricultural Crops in Southern China. We will firmly carry out projects that have been listed under the state's "Spark Plan" and "Torch Plan," and enable these projects to yield results at an early date.

47. To comprehensively carry out opening up and exploration, efforts will be made to activate financial activities and raise more funds. In addition to raising funds, we will request that financial organs try their best to expand Hainan's credit scale yearly, actively and cautiously introduce domestic and overseas enterprises to Hainan to run the finance industry and widen monetary channels, speed up finance structure reform, open up new ways of direct financing, and try hard to do a good job in running the stock exchange and enlivening the circulation of bonds and stocks. We will act boldly in readjusting the credit structure and strengthen the management of credit funds. In strict accordance with the policy of assisting the superior and restricting the inferior, we will adopt preferential policies to guide the technical renovation of key projects, large and medium-size enterprises, agricultural exploration projects, and enterprises that can help carry out structural readjustment. Moreover, we will also give priority to funds arrangements concerning production, circulation, and foreign trade exports. Continued efforts will be made to clear "debt chains," step up sales of overstocked products, and accelerate the circulation of funds.

48. The investment scale of fixed assets will be further expanded and the construction of key projects expedited. This year, Hainan is engaged in 50 large and medium-size projects, 10 of which are key projects involving a total investment of 132 million yuan. Of the 10, five are continuing construction projects, including the first-phase of Haikou Port, the round-the-island (east line) highway project, Sanya Phoenix Airport, Hainan Color Television Center, and Daguangba Hydroelectric Water Conservancy Project; and five are reserve projects, including a telecommunications system project, a cold-rolling thin plate factory, an iron and steel plant, a natural gas chemical fertilizer factory, and a comprehensive agricultural exploration project. After being completed and put into production, these projects will be of great significance to further improving Hainan's investment environment, cultivating its potential for future economic development, and reinforcing its economic strength. All key projects are required to set up their own highly efficient construction headquarters and put into practice a target responsibility system for project management. The building industry should uphold the principle that "construction projects call for good quality

above everything else," be meticulous in design and construction, and guarantee the quality and reduce the costs of projects. It is necessary to further perfect the construction market's competition mechanism and continue to practice the system of inviting bids for construction projects.

49. Efforts must be made to broaden sources of income and reduce expenditures to bring about a balance between the two. We need to deal with financial and tax affairs according to the law, practice the dual budget system, reinforce budget management, and push financial and budget management onto a new stage. It is necessary to speed up the pace of financial reform, coordinate financial reform with reforms on prices and social guarantee, and lighten financial burdens. It is imperative to help enterprises turn deficits into profits and cut down on policy-based subsidies. We will impose strict control over regular budget, and work out the construction budget according to our actual financial capability. Efforts will be made to strictly restrict non-productive expenditure and the purchasing power of social groups, rigorously enforce the examination and approval system on meetings, and cut down meeting expenses. It is necessary to strengthen the management of state-owned assets, and try to guarantee and increase the value of state-owned assets. Vigorous strides will be taken to open up sources of income; while tightening the collection and control of taxes in state-run and collective enterprises, strengthen the collection and control of taxes in foreign-invested and cooperative enterprises as well as private business; and strike heavy blows at lawbreakers who evade taxes and seek drawbacks through fraud.

50. We will try hard to improve people's lives in both urban and rural areas. This year, in line with the state's unified arrangements, we will appropriately readjust wages and salaries and devote major efforts to solving the problem in which personnel in administrative units and institutions generally earn less than others. We will vigorously improve the urban and rural residents' living conditions in the aspects of food, clothing, shelter, and transportation; and try to solve more practical problems for the masses. Earnest efforts will be made to arrange labor employment and grant allowance and relief funds to financially stricken households; job-awaiting personnel; and to the old, weak, sick, disabled, and young. We will continue to pay attention to the construction of roads, gas and water supply facilities, and sanitary equipment; and improve the living environment of the masses of the people.

Increase the Pace of Development and Construction of Key Areas With Great Reform as the Motive Force

51. Opening to the outside world is the fundamental way for realizing the supernormal development of Hainan's economic construction and the focus for Hainan's various current and future tasks. We must give full play to our province's superiority, further emancipate our minds, grasp favorable opportunities, promote package

development on whole tracts of land, expedite the introduction of investment from abroad and establishment of lateral ties at home, open up international markets, expand foreign trade, resolutely and unswervingly develop an export-oriented economy, and raise to a new level the various tasks for opening up to the outside world.

52. Give play to regional superiority and grasp a batch of key development areas and development projects. The State Council has approved the establishment of the world-renowned Yangpu Economic Development Zone [EDZ]. This is a significant step and measure for promoting Hainan's reform and opening up. The start of Yangpu's construction marks the beginning of Hainan's reform into a new historical stage. At present, we must grasp well the work of formulating various administrative methods for the Yangpu EDZ, tightly grasp the implementation of projects, and push for the projects' early start. Department and relevant units throughout the province must vigorously support Yangpu's development, cooperate fully and build the Yangpu EDZ into an export-oriented industrial zone spearheaded by advanced-technology industries and matched with tertiary industry's corresponding development. The Yangpu EDZ will pursue closed and separated [feng bi shi ge li 1409 7028 1709 7133 4418] management, various policies and measures associated with bonded areas, and handle things according to international custom. At the same time, we must pursue well the work of the rest of the province's EDZs with selective focus, and continue to run well the hi-tech industrial zone, the four great EDZs in Haikou, the Sanya Tourist EDZ, the Qinglan EDZ in Wenchang, the Guilinyang EDZ, the Laocheng EDZ in Chengmai, the Basuo EDZ, and other key EDZs designated by the province and cities. While we continue to perfect the investment environment, we must work hard to launch new production items.

53. Comprehensive agricultural development experimental zones must make notable progress in inviting capital and projects. Comprehensive agricultural development must insist on highlighting key points; concentrate on development of whole tracts of land; pursue the policy of achieving success with the entire tract and gaining returns derivable from the whole tract; fully exploit the preferential policies for special economic regions [SERs]; attract capital from within the country and abroad; launch a batch of projects; develop and open up agricultural resources; and develop plantations, breeding and processing industries, and agriculture-related commerce and trade. We must make the comprehensive agricultural development experimental zones a model example of large-scale, modernized, export-oriented, and foreign-currency earning agriculture, where "agriculture, industry, and trade are combined into one body and production, supply, and sales are integrated into one direct line." We must let the processing industry take the lead, pursue in-depth value-added processing of agricultural products, develop special brand name and good products, and raise product

competitiveness in domestic and international markets. The development of the processing industry will set in motion the development of other industries in the EDZs and will create a new rural economic pattern in which planting and rearing, processing and transporting, and sales will be integrated into a single connected line.

54. Foreign trade and exports must climb to a new level. We must open up and diversify international markets; expand foreign trade; reform the foreign trade system; perfect parallel and corresponding measures; straighten out relationships; handle well coordination; pursue a diversified export market strategy; and fulfill in excess the assigned quota, the \$730 million export plan. We must continue to adjust the export mix and raise the export proportion of industrial products; make necessary adjustments in the import and export operation powers of foreign-trade enterprises to expand exports of home-made products. Foreign-trade enterprises must cooperate with scientific research and production sectors to raise the technological level and added value [fu jia zhi 7096 0502 0116 0237] of exported products; work hard to improve internal operations management; lower export costs, strengthen management on tax reimbursement, rationally adjust and make good use of tax reimbursement quotas; actively explore various sales promotion methods, set up overseas sales centers with planned and measured steps; continue to expand trade activities with neighboring countries like ASEAN members and Vietnam; uphold the import and export combination and use what is imported to make possible export goods production; strengthen management over imported commodities; arrange for the import of new technology and equipment required by scientific research and production with selective focuses, and the import of raw materials urgently needed by the province but in short supply in the domestic market; tightly control foreign exchange spending for nonproduction purposes; strengthen port management and the construction of corresponding facilities to boost the ports' handling capacity; and do a good job in customs, commodity inspection, and transportation and other corresponding services to open up international markets.

55. There must be breakthroughs in the effort to introduce investment from abroad and establish lateral ties at home. The critical links in realizing Hainan's super-normal development are expanding opening up to the outside world and vigorously attracting domestic and foreign capital. Governments at all levels and relevant departments must have a clear understanding of the situation, emancipate their minds, and adopt all methods that have proved to be effective and available in the international community, to attract domestic and foreign capital from a wide range of sources; work vigorously to complete this year's plan of using \$265 million; continue to implement the preferential policies given Hainan by the central authorities; make good, adequate, and flexible use of these preferential policies; use foreign capital in a diversified way; and broaden the

channels for introducing foreign capital. While expediting the development of "foreign-invested" enterprises, we must actively work to obtain preferential loans from foreign governments or international organizations; actively embark on international cooperation; and launch "three forms of processing and compensation trade" and international leasing and hiring services. As quickly as possible, we must establish bonded production material markets, raise funds to set up bonded factories and warehouses in EDZs according to class and with selective focuses, and lobby to set up a Haikou Bonded Area. We must boost guidance on items invested by foreign businessmen, encourage them to pursue agricultural development, hi-tech, and export-oriented projects; improve management and services for enterprises with foreign investment; and help "foreign-invested" enterprises with their difficulties. In establishing lateral ties at home, we must seize the good opportunity provided by the ending of improvement and rectification at home and relative relaxation of control over the money supply, further attract capital from the interior, and work hard to complete the plan of annually attracting a net of 1.38 billion yuan from provinces outside Hainan. We must boost management and service for enterprises involved in lateral ties, really help them solve production and operation difficulties, and work earnestly to run well the existing enterprises involved in lateral ties; strengthen ties with fraternal provinces; and, on the basis of thoroughly preparing for projects in question, take the initiative to invite interested parties and explore new forms and ways of cooperation.

56. We must open up a new dimension in the work of foreign and Overseas Chinese affairs. Foreign and Overseas Chinese affairs work must be firmly made to serve economic construction and play its expected role in the great opening up. In foreign affairs work, we must conscientiously implement our country's foreign principles and policies; expand propaganda to the outside world; make friends widely; and strengthen economic, cultural, and other social exchanges and cooperation with foreign countries through channels such as overseas studies and visits, receptions by protocol officials, and nongovernmental and local friendly activities to develop our province's export-oriented economy and explore diversified international markets. In the Overseas Chinese affairs work, we must further strengthen legislation on Overseas Chinese affairs, implement various policies on Overseas Chinese affairs, including those on housing, continue to support the development of the production of state-run Overseas Chinese farms; help Overseas Chinese returnees and their families solve their practical difficulties; protect, in accordance with the law, the legal rights and interests of Overseas Chinese and Overseas Chinese returnees and their families, and further stir their enthusiasm to support and participate in the construction of their home province; actively stage various fraternal activities; actively and conscientiously handle well preparations for the Third Hainan Hometown Association World Conference; earnestly handle the reception of, and boost the wide ties with overseas kin and

folks, all to play the role of go-betweens for introducing capital, technology, and talent; and conscientiously listen to the opinions of Overseas Chinese, Chinese, and Hong Kong and Macao compatriots to bring our province's various tasks more in accord with the expectation of the people and of Overseas Chinese.

Vigorously Promote the Development of Various Social Projects

57. We must strengthen the building of socialist spiritual civilization in the SER. Strengthening the building of spiritual civilization is an important guarantee for realizing the supernormal development of our province's economy. One of the important missions of our province's building of spiritual civilization is strengthening the concept of the SER, erecting a range of new concepts in line with the SER's modernization, including time and efficiency concepts, open-mindedness, respect for talent and an exploratory and positive spirit to arduously set up business. We must raise the ideological, moral, scientific, and cultural quality of the people of the whole province and train new people with "four merits" to provide powerful spiritual dynamism and intellectual support for economic construction.

58. We must put educational development in an outstanding position. We must further improve school conditions, increase inputs in education, raise educational funds through a variety of channels, encourage enterprises to set up schools, vigorously launch work-study programs, strengthen basic education, and actively pursue nine-year compulsory education on the basis of having popularized primary education. To meet the SER's economic and social development needs, tertiary education must improve the professional course structure; strengthen science and engineering and foreign languages subjects; in planned steps, build a batch of key subjects, laboratories, and off- and on-campus experimental bases; give an important status to vocational and technical education; expand the size of enrollments for intermediate-level vocational and technical schools; and solve practical problems for vocational and technical education. We must raise the standards of various teachers' qualifications; create and provide training and advancement opportunities for them; encourage respect for teachers and teaching; and, in planned steps, improve teachers' living and working conditions.

59. We must work hard to develop cultural and sports undertakings. Literary and artistic work must uphold the "two fors" direction and "double hundred" policy, deepen literary and artistic structural reform, and make socialist culture flourish. The broad masses of literary and artistic workers must work hard to attain their ideological levels and professional quality; work hard to create and produce in a planned way a number of good books, dramas, films, and other literary and artistic works reflecting the development and construction of the great SER. We must vigorously launch popular entertainment activities for the masses; give prominent status to national culture to enrich the masses' cultural life;

uphold "vice sweeps" and consolidate and straighten out the achievements of the cultural markets, strengthen management on cultural markets in society, and perfect relevant management rules and regulations; and vigorously strengthen the construction of various cultural facilities. Haikou and Sanya cities must grasp the construction of parks and large literary and artistic performing venues. News, publication, and television broadcasting work must comprehensively and accurately propagate the party line, principles, and policies and create a favorable opinion climate for the socialist SER's construction. We must attach importance to social science and information research work; launch extensive urban and rural sports activities to strengthen people's physiques; boost the building of athletic and sport teams, give priority to and grasp well the training of distinguished athletes; and strengthen and improve athletic facilities, devoting efforts to constructing large and modernized gymnasiums, sports grounds, and training bases.

60. Continue to do a good job in medical and health services and family planning; further implement the health work policy which "centers on prevention, relies on scientific and technological progress, mobilizes social participation, attaches equal importance to Chinese and Western medicine, and serves the people's health"; grasp well the three key areas of prevention and health care, rural hygiene, and reinvigorating Chinese herbal medicine; raise the quality of medical care and check the spread of infectious and endemic diseases; and grasp in a down-to-earth manner family planning to reduce the natural population growth rate. Our province's population growth far exceeds the national average, the population situation remains very grim, and governments at all levels must attach importance to this. Chief persons-in-charge in localities and departments must personally focus on the task of family planning. It is necessary to pursue and perfect the population and family planning target responsibility system; continue to practice "one-vote veto power" [yi piao fou jue quan 0001 4384 0694 0414 2938]; strictly enforce the existing family planning policies and population plans so that family planning work can be slowly put on a regular, scientific, institutionalized basis and grounded on a legal system; and vigorous efforts will be taken to reduce our province's population growth to the national average level.

61. Strengthen democracy and the building of legal systems. Governments at all levels must consciously accept the supervision of the NPC and its Standing Committee, persist in making reports on their work to the NPC and its Standing Committee; conscientiously implement the various resolutions of the NPC and its Standing Committee; and strengthen ties with the CPPCC, democratic parties, and various mass associations so that the consultative way of doing business and democratic decision-making can be regularized, normalized, and institutionalized; continue to implement the party's nationality policies; and consolidate and develop the new socialist-style nationality relationships characterized by equality, mutual assistance, and friendliness.

It is necessary to further amplify the socialist legal system, strengthen legislation work, and increase our efforts to formulate economic and administrative rules and regulations suitable for our province's development and construction, and strengthen judicial administration and legal and notary work to provide good legal services for the SER's economic construction. It is necessary to enhance the legal concepts among the broad mass of cadres and the masses; leading cadres at all levels and law-enforcing cadres must take the lead in studying and observing law, grasp well law enforcement inspection, and play the roles of escort and protector of the socialist SER's economic construction.

62. We must continue to strengthen clean government building, do a good job in sorting out the problem of cadres' occupying houses, and correcting work style. "Sorting out houses" and "style correction" work have entered a critical stage this year. We must continue to get a handle on "hot" issues and key departments reflected in the masses' complaints, launch special item-by-item supervision and an in-depth anticorruption struggle; grasp tightly and well the work of correcting unhealthy practices in trades and professions, promptly expose corrupt practices, and punish criminals according to the law. It is necessary to strengthen systems for the clean government drive and perfect supervisory mechanisms so that the clean government drive can have rules to abide by, and work to attain it can be made without any letup. Governments at all levels and their functional departments must genuinely strengthen their own building, raise their political quality and work performance, maintain close ties with the masses, care about the sufferings of the people, continually improve the organs' work styles, overcome bureaucratism, raise work efficiency, better serve the grass roots and the masses, and perform practical services for the people, so that governments at all levels become democratic, clean, and highly efficient people's governments.

63. We must do a better job in the comprehensive treatment of social law and order; uphold the policy that "combines crackdown with prevention, cure both the symptoms and causes with attention focused on causes"; and genuinely handle well comprehensive treatment of social law and order. While meted out in accordance with law, punishment will tend to be harsh. There must be a prompt crackdown on criminal activities that seriously endanger social law and order to safeguard the security of investors' and people's lives and property. It is necessary to set up a law and order joint-defense system; mobilize the entire society to earnestly implement various social law and order responsibility systems, prevent and eliminate various destabilizing factors, and bring about a fundamental change for the better in social law and order.

Fellow deputies, 1992 is a year for great reform, opening up, and construction in our province, as well as a critical year for fulfilling the Eighth Five-Year Plan. The mission is glorious but arduous. But as long as we resolutely implement and enforce the party's basic line, further

emancipate our minds, reinvigorate our spirit, create boldly, and work in a down-to-earth manner, we shall definitely further the current good situation, complete all the missions for the year, realize supernormal economic development, and welcome with distinguished achievements the opening of the 14th National CPC Congress and the arrival of the fifth anniversary of the founding of Hainan as a province and the SER's establishment!

Henan Government Work Report

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[Government Work Report delivered by provincial Governor Li Changchun (2621 7022 2504) to the Fifth Session of the Seventh Henan Provincial People's Congress on 25 February]

[Text] Fellow deputies:

On behalf of Henan Provincial People's Government, I am going to submit a government work report to this congress, and I request your discussion and examination of it.

Reflection on Work in 1991

The year 1991 was the first year for us to thoroughly implement the spirit of the fifth provincial CPC congress, and to seriously carry out the Eighth Five-Year Plan and the 10-Year Program, which had been adopted by the provincial people's congress; it was also a year when our province was hit by a serious natural disaster, which was a grim test for the people in the whole province. In the past year, we adhered to the provincial party committee's guiding thought of "uniting for advancement and invigoration of Henan," and attained the strategic goal of "high economic development speed and low population growth rate," and we followed this guiding thought and goal when doing various government tasks and made persistent efforts. In order to invigorate state-run large and medium enterprises, thoroughly develop the rural commodity economy, promote opening up to the outside world, develop township and town enterprises, invigorate circulation, and control population growth, we formulated a series of important policies, and further clarified our development ideas, goals, duties, and measures. Making a key effort to strengthen the vitality of state-run large and medium enterprises and to change their operational mechanisms, we deepened enterprise reform, and carried out corresponding reforms of the price system, foreign trade system, planning system, and investment system; we established a rural comprehensive reform experimental zone in Shangqiu, and scored some results. We formulated and implemented an open-door strategy of "improving environment, attracting foreign funds and technology and establishing domestic links, radiating to four directions, and developing ourselves step by step." We diligently improved the policy and infrastructure for investment, strengthened leadership over important

activities involving foreigners, successfully organized the China Zhengzhou International Shaolin Martial Arts Festival, fostered the sense of opening up in the whole society, and enhanced Henan's reputation at home and abroad. We actively harnessed the Huai He and launched water conservancy projects, organized "high-output and high-returns development" of agriculture and regional comprehensive development of agriculture, vigorously developed township and town enterprises, actively and steadily expanded the proportion of cash crops, and promoted adjustment of rural industrial structure. We extensively launched the campaign for the "Year of Quality, Variety, and Efficiency," and grasped advancement of industrial technology and adjustment of product mix; we concentrated our strength to guarantee key construction projects, and enhanced staying power for economic development. We promulgated the "Rules for Implementing Henan Province Family Planning Regulations," and firmly grasped family planning; there was a scene in which the whole party started working and the whole people mobilized themselves, to really earnestly grasp this. We improved government work with the spirit of "three preventions and four solid tasks," went deep into the reality to carry out research and investigation, and summed up and promoted some model experiences. We persistently ran on-the-spot offices, helped some localities and enterprises to solve the real problems, and promoted implementation of some important policies and measures.

Through the hard efforts by the senior and lower levels in the whole province, various tasks decided upon at the Fourth Session of the Seventh Provincial People's Congress were basically fulfilled. **There was sustained development of national economy.** GNP increased by 6.4 percent over the previous year; national income, 5.8 percent; total industrial and agricultural output value, 10.1 percent; and financial income, 5.7 percent, all overfulfilling quotas. **In a year of big disasters, rural economy continued to grow, and production of commodities developed smoothly.** Although summer and autumn witnessed serious disasters, the yearly grain output reached 30.1 billion kg; all cash crops but oil crop had bumper harvests, and outputs of cotton and tobacco reached 950 million kg and 460 million kg respectively, a 40.5 percent increase and 12.5 percent increase respectively over the previous year; animal husbandry developed quite rapidly, and total output of meat products increased by 17.1 percent. The total output value of township and town enterprises increased by 22.5 percent over the previous year, while their profits and taxes increased by 12.5 percent. Because of the development of rural commodity economy, the decrease in grain output was made up by cash crops, and the decrease in harvest on major farmland was made up by diversified operation; therefore, the total agricultural output value for the whole year still increased slightly compared with the previous year, and the gross value of social products in rural areas increased by 8.4 percent, while per capita

net income for peasants increased by 2.3 percent. **Industrial production grew steadily, and quality of major products was improved.** The total industrial output value at and above township level in the whole province was 88.1 billion yuan, up 11.9 percent from the previous year; the output value of sales of industrial products was 84.7 billion yuan, up 13.6 percent from the previous year. Throughout the year, 17 products won gold or silver quality awards from the state, and the number of awards ranked the province sixth in the whole country. The work in restricting production and reducing stockpiles proceeded smoothly, laying a foundation for improvement of industrial and economic returns this year. **Investment in fixed assets rapidly increased, and key construction projects proceeded smoothly.** The society-wide investment in fixed assets was 25.5 billion yuan, up 23.9 percent from the previous year, among which local investment increased by 21 percent; the investment structure was adjusted, and the proportion of investment in basic industries such as raw materials, power, transport, and posts and telecommunications increased; and 16 key construction projects were built and began production or partial production. **There was a big increase in the foreign exchange earned by export, and a big increase in utilization of foreign funds, while the open-door policy made big progress.** The province earned \$1.04 billion through export, an increase of 20.3 percent compared with the previous year; the province examined and approved 160 projects for using foreign funds, 106 more than the previous years, and utilized foreign funds amounting to \$144 million, an increase of 44 percent, of which direct investments made by foreign businessmen amounted to \$37.91 million, an increase of 2.6 times; and the amount of foreign exchange earned by tourism increased by 23.7 percent. The investment environment was further improved; the construction of the advanced highways in Zhengzhou, Kaifeng, and Luoyang officially started; the first-phase improvement project of Zhengzhou Railway Station was completed; 11 cities established direct international telephone services; the preparation work at Zhengzhou Airport was stepped up, and the hygiene conditions and reception facilities in some cities markedly improved. **The market had an abundant supply of goods, and prices were basically stable.** The total volume of retail sales in the whole year was 44.2 billion yuan, up 11.2 percent from the previous year. The supplies in markets increased steadily. There was an ample supply of grain, oil, meat, eggs, vegetables, and other sideline foodstuffs, as well as industrial consumer goods and durable consumer goods. Prices were stable, and the general level of retail prices increased by 1.7 percent in the whole year. **The main duties of rectification and improvement were basically accomplished.** After three years of persistent efforts, there was a basic balance between total supply and total demand, the economic order markedly improved, inflation was brought under effective control, and the growth speed of the whole national economy returned to normal. **Family planning work made a breakthrough, and various social undertakings further developed.** Family planning work, which had been considered the most difficult task, began to change

the passive condition, the excessively rapid population growth was checked initially, and the natural population growth rate last year was 13.15 per 1,000. The scientific and technological front, and the educational front actively served economic construction, while the broad masses of workers on the health, sports, cultural, news and publication, and broadcast and television fronts worked diligently at their own posts, and scored new results. **Social order was basically stable, and clean government building was further strengthened.** We continued to crack down on serious crimes, and concentrated our strength to launch special struggles against theft, burglary, abduction and selling of women and children, and rail and road robbery, forcefully striking at the arrogance of the criminal elements. At the same time, we further strengthened management of social security, and extensively launched the struggle against "indecent and obscene business" and the "six vices." We stepped up the building of a clean government system, resolutely punished corruption, and looked into a number of serious cases. The work in correcting the unhealthy trend in trades, with rectification of the "three wanton charges" as the breakthrough point, scored initial results. **Socialist spiritual civilization construction made new progress.** We extensively and deeply launched socialist ideology education, and organized various activities of learning from the advanced and civilized units, as well as competition activities. At present, among the people in the whole province, the faith in following the road of socialism with Chinese characteristics has been further enhanced, the sense of reform and opening up and the concept of commodity economy among the broad masses of cadres and people have continuously boomed, the craze for learning from and catching up with the advanced units in various localities emerged, and unity, courageous advancement, and invigoration have become the main rhythm in our province's economic, political, and social life.

Last year, our province was hit by serious disasters, which came simultaneously for three consecutive seasons; after the southern parts of the province were hit by floods and waterlogging, the whole province was then hit by a big drought, and the duration and scope of the disasters caused plights which had rarely been seen in history, and which created a very big difficulty for industrial and agricultural production and the people's life, and caused serious losses. After the floods and waterlogging, with the care from the CPC Central Committee and the State Council, and with the vigorous support from various circles inside and outside the province; from Hong Kong, Macao, and Taiwan compatriots; and from Overseas Chinese, the people in the whole province pooled strengths and fought persistently, courageously, and stubbornly against natural disasters, and won a decisive victory in relief work and the struggle against floods. The provincial party committee and government strengthened leadership over the work in fighting floods and delivering relief aid; adopted the principle of "rescue, poverty aid, restoration, and development"; and took a series of effective measures. The

broad masses of cadres and people in the disaster areas actively participated in the fight against floods, in rescue, and in self-relief production, and they rebuilt homes and orchards, and there were many moving incidents. In order to help the disaster victims, the province gave relief funds and donations amounting to 170 million yuan, arranged 1.28 billion kg of grain from a reduction of purchases and an increase in sales, and granted 8.7 million articles of clothing; governments of various levels helped disaster victims in building 225,000 new houses and repairing 416,000 houses. Because the relief work was solid; the life of the people in the disaster areas was promptly taken care of; and their problems of clothing, food, shelter, medicine, and education were properly solved, while industrial and agricultural productions were restored and developed to some extent, and the people's emotional and social order were quite stable. The victory in the struggle against floods and for relief work fostered a closer tie between the party, government, and cadres on the one hand and the people on the other hand; it fully illustrated the superiority of socialism and embodied the strong leadership and rallying power of the CPC. At the time when we fought against the flood disaster, the cadres and people in the drought areas fought against drought in order to protect the autumn harvest; they planted wheat and protected the seedlings, making very big efforts.

Fully affirming our achievements, we should also soberly notice the existing problems and difficulties. The more acute problems in economic development are, first, agriculture's ability to resist natural disasters is low, the situation of flood and drought is serious and thus restraining the development of the whole economy, and in particular, the big drought emerging since last autumn and winter will cause a threat to grain production this summer. Second, poor economic returns. The "three lows and one poor" situation of industrial economy has not changed basically, and quite a number of enterprises face the problem of low technology and poor facilities, poor management, weak competitive ability of products, and poor economic returns. Although our profit rate on capital and rate of decrease in costs of comparable products last year were slightly better than the country's average, compared with the previous year, the output value of budgetary industrial enterprises increased by 12.6 percent while profit decreased by 14.6 percent, and the amount of losses by enterprises increased 14.6 percent. In the circulation domain, the problem of poor economic returns is also acute. Third, financial difficulties. Because of poor economic returns and the increase in expenditure required by relief work, the province has a big deficit despite the fact that the finance and revenue departments at various levels worked very hard. Fourth, it is still an arduous task to markedly improve law and order, and in some places the problem of law and order is rather acute, and people are not very happy about it. At the same time, in government work, there are still the problems of many meetings and documents, and of ineffective measures to expand opening up and improve

economic returns. These problems and difficulties require our efforts to solve in the new year.

The past year was a year in which the international situation changed rapidly, and the province experienced serious floods and drought; it was indeed an extraordinary year. Faced with this grim situation, led by the CPC Central Committee and the State Council, the governments of various levels and the people in the whole province actively pushed forward reform and opening up, courageously fought the disasters and carried out relief work, and made tremendous efforts. Although there are many obstacles and difficulties, judged from the situation in the whole province, the current political situation is stable, the society is stable, the national economy continues to develop in the good direction, and the first year to begin the Eighth Five-Year Plan was quite good. Practice proves that Henan people are not afraid of danger and difficulty; they are unyielding and united for struggle, capable of overcoming every difficulty, able to withstand a grim test, able to resolutely follow the road of socialism with Chinese characteristics, and able to properly manage Henan's affairs.

Fellow deputies, the achievements made by our province in a year of big disasters were indeed hard-won. This was an outcome of the hard work and struggle by the people in the whole province, and was inseparable from the vigorous support of the broad masses of people's deputies who fought hard on various fronts, as well as inseparable from the vigorous support of the People's Liberation Army [PLA] garrison in Henan, Henan Armed Police Corps, central government units in Henan, and persons of various circles in the society. Here, on behalf of the provincial people's government, I send the highest consideration and heartfelt gratitude to the people of various nationalities in the whole province, the PLA garrison in Henan, the central government units in Henan, and the patriots of various circles in the society!

Vigorously Push Forward Reform and Opening Up, Expedite Effort To Invigorate Henan and Achieve Affluence

In the new year, opportunities and challenges coexist, and hopes coincide with difficulties. Along with the basic accomplishment of the main duties of rectification and improvement, a relaxed environment for expediting the reform and opening up and economic development has emerged. We can predict that in a certain period to come, it will be a period of accelerating reform and opening up and great development of socialist planned commodity economy in our country. This new situation will undoubtedly provide our province with a good opportunity to develop and invigorate itself. However, we should recognize that from now on, for localities and enterprises, a more competitive situation will emerge, and if they do not advance, they will retrogress; furthermore, our province's economic development still faces many problems and difficulties, and if we do not advance courageously, the gap between us and the advanced areas will certainly become wider. Therefore,

we must earnestly strengthen the sense of urgency and the sense of crisis, grasp the opportunity firmly, courageously meet the challenges, be more open-minded, be bolder, be quicker, seek better results, expedite reform and opening up, and create an affluent Henan.

Based on the current situation and duties, the main guiding thought for government work this year is: According to the demand of "unity for advancement and invigoration of Henan," and pursuing the strategic goal of "high economic development speed and low population growth rate," we will increase the weight of reform; quicken the pace of opening up; firmly grasp implementation of various tasks; shift the key point of economic work to the track of adjustment of structure and improvement of economic returns; score marked results in improving state-run large and medium enterprises and in thoroughly developing rural commodity economy; and promote a sustained, stable, and coordinated development of national economy. According to the above-mentioned guiding thought, the main goals of government work this year are: GNP increases by 6 percent; total agricultural output value, 3 percent; output value of sales of industrial products, 12 percent, of which output value of sales of industrial products at or above township level increases by 10 percent; foreign exchange earned through export, 10 percent; utilization of foreign funds, 31.5 percent; financial income, 5.1 percent based on comparable factors; and natural population growth rate to be controlled within 14 per 1,000. At the same time, we will expedite the development of various social undertakings, further strengthen socialist spiritual civilization construction, and consolidate and develop the stable and united political situation. In order to triumphantly accomplish various tasks for this year, we will make efforts to do well the work in 10 areas.

1. With change in operational mechanisms within enterprises and development of rural collectivized service system as the breakthrough point, we will deepen urban and rural economic restructuring.

Rural reform must continue to stabilize the contract responsibility system on a household basis with remuneration linked to output, improve the two-tier management system which combines collective and family operations, actively develop collectivized service system, gradually enhance collective economic strength, and guide peasants to the road of common affluence. The practice of the contract responsibility system and the two-tier management system which combines collective and family operations, is a basic system of rural collective economic organization in our country, and we must unswervingly uphold it for a long time. Active development of collectivized service system is the key to pushing agriculture to a new stage, to thoroughly developing rural commodity economy, and to attaining the goal of small-scale prosperity; it is the breakthrough point in promoting various reforms and economic development in the rural areas. When we can properly grasp the building of rural collectivized service system, it means we can grasp the new growth point of rural economy. When

developing collectivized service system, we should have a goal, which is to help peasants to solve their problems and promote production of commodities. Development of collectivized service system should be attained with economic contracts and interest mechanisms as the links, and by establishing economic entities of service nature and enhancing the service function of collective economic organizations. A criss-cross collectivized service network should be gradually formed, generally dominated by county specialized service entities, based on the comprehensive service of rural collective economic organizations, and supplemented by the services run by single households, or several households pooling resources, or peasants' cooperatives. Counties should emphasize pillar industries and competitive products; they should take the internal link between division of labor and commodity economy into consideration when establishing service companies which combine trade, industry, and agriculture, or combine science, agriculture, and trade, or combine production, supply, and sales; these companies should have their antennas reach out to the domestic and international markets, and their tails sweeping across tens of thousands of households, forming common interest entities which include companies and peasant households. The business units serving agriculture at county and township levels should gradually change into service entities, and we will encourage the technological and management personnel who have special skills in county and township administrative departments to run service entities. Regarding the reform of grass-roots stations and offices at township level, this year, the finance offices, agricultural technology stations, seed stations, agricultural aid stations, orchard and fruit stations, animal husbandry and veterinary stations, agricultural machine stations, and water conservancy stations established in townships and towns by the relevant county departments should have decisionmaking power delegated to them, and change pattern and track as soon as possible; they should change from administrative "secondary organs" to service entities, and develop and strengthen themselves when serving peasants. Village-level collective economic organizations should further strengthen service function; the villages with better economic conditions should increase service content and improve service standard; the places with weak collective economic strength may start from single-item service in certain production links, and gradually develop various items of service. The civilian service organizations run by single households or several households pooling resources, are convenient for the masses and very adaptable, and we must continue to encourage and support their development.

Urban economic restructuring must take further invigoration of enterprises, especially state-run large and medium enterprises, as its central link, and make a special effort to change operational mechanisms within enterprises to gradually enable an absolute majority of enterprises to really become socialist commodities producers and operators who make business decisions at their own discretion, take sole responsibility for gains

and losses, and are capable of self-restraining and self-developing. To change operational mechanisms, two crucial conditions are needed: First, seriously implement the "Enterprise Law," and resolutely delegate decision-making power to enterprises. The "Enterprise Law" states that enterprises enjoy decisionmaking power in 13 areas, which should be implemented one by one. This year, special efforts will be made to seek breakthroughs in six areas of decisionmaking power: Production and operation, cadres and personnel, labor and employment, internal distribution, establishment of organs, and technological transformation. Governments at various levels and the relevant departments should voluntarily abide by and enforce the "Enterprise Law," seriously sort out all the regulations and methods which contradict the "Enterprise Law," and ensure that various kinds of decisionmaking power for enterprises are really implemented. Second, be determined to "break the three irons" within enterprises, for this is the crucial link enabling enterprises to take sole responsibility for gains and losses, and an effective way to arouse enthusiasm and innovative spirit among the broad masses of staff and workers. "Breaking the three irons" means carrying out reforms of cadres and personnel, labor and employment, and distribution system within enterprises to change the cadres appointment system to a hiring system, practice optimal composition of staff and competition for posts, earnestly observe the principle of distribution according to work, break the big pot of egalitarianism, introduce competitive and incentives mechanisms, and really have a situation in which cadres can be promoted or demoted, staff can be hired or fired, income can be increased or decreased, thus, completely breaking the "iron armchair [lifelong tenure], iron rice bowl, and iron wage."

In order to promote changes in operational mechanisms within enterprises, it is necessary to actively carry out other reforms corresponding to the reform of economic system. It is necessary to uphold and perfect the system of contracted responsibilities among enterprises, and the key point of such perfection is to solve the problem of enterprises taking responsibility for gains but not for losses, and superficially making profits but actually losing money, and to overcome enterprises' short-term behavior. The contract period should generally extend from three to five years. We must expedite the reform of plan management system, and the main task is to further reduce mandatory plans; except the mandatory plans of production and the duties of allocation issued by the state, in principle, the province will not add any more mandatory plans concerning variety and quantity; and mandatory plans should gradually change into a pattern whereby the state signs contracts with enterprises on purchase of goods. Regarding price reform, apart from properly managing the prices of a small number of goods and labor directly controlled by the state, in principle, the restrictions on the retail prices of goods controlled by the province will all be lifted, and for those prices which cannot have the restrictions lifted at this moment, the law of value and situation of supply and demand should

be embodied to further adjust them. Regarding the reform of investment and financial systems, we must vigorously implement "Henan Province Investment System Reform Plan," increase enterprises' duty of investment, let government become a legal person in investment, actively develop the stock market, broaden the channel to raise funds, and improve the returns on investment. At the same time, we will actively build a social insurance system, vigorously develop the labor market, and provide the most basic necessities to the unemployed staff, as well as create jobs for them.

Development of urban and rural collective industries is an effective way to expedite the industrialization process in our province. With reform as the motive force, we will vigorously develop joint-stock cooperative collective enterprises which mainly rely on shares held by the whole staff and allow peasants to buy shares as well. In small state-run enterprises, we will continue to try out the system of hiring facilities for operation. Individual and private economies and other economic sectors are beneficial supplements to public ownership economy, and we must continue to encourage their appropriate development, and strengthen management and guidance over them.

This year, we must also speed up housing reform, labor insurance reform, and medical system reform. At the same time, we will uphold the principle of active exploration, bold innovation, and leading experiment. We will carry on the work in the rural comprehensive reform experimental zone in Shangqiu, and carry out the pilot projects in comprehensive reform of economic system in Zhengzhou and Luohe; the pilot project in reform of large and medium enterprises in Luoyang; the pilot project in labor system in Anyang; and the pilot projects in lifting business restrictions among enterprises, distinguishing profit from tax, contracting for input and output, and stock system, so as to accumulate experience for overall reform.

2. The goal of small-scale prosperity will guide the overall pattern of rural work, and we will guarantee grain production and thoroughly develop rural commodity economy.

At present, our province's rural economy has already entered a new development stage, and the main signs are: The unitary cultivation structure begins to shift to thorough development of agriculture, forestry, animal husbandry, and fishery, and to comprehensive operation of industry, commerce, construction, transportation, and service; it begins to change from self-sufficient and semi-self-sufficient small-scale peasant economy to socialist planned commodity economy; and the problem of food and clothing, which plagued the rural areas in our province for a long time, has been basically solved by the efforts we made in the 1980's, and peasants begin to cast off poverty and gradually attain the goal of small-scale prosperity. Based on this new situation, we must seriously meet the demands raised by the provincial party committee; take small-scale prosperity as our main goal and duty when planning overall rural work; and take

deepening of reform, gradual enhancing of collective economic strength, and thorough development of rural commodity economy as the basic road to small-scale prosperity; we will strive to create a new situation in agriculture and rural work.

To attain small-scale prosperity, judging from our province's situation, the crux rests with the rural areas. Beginning this year, we will launch activities of building villages of small-scale prosperity in the whole province; by persistent efforts, we will strive to enable a number of villages to attain or move closer to small-scale prosperity each year. To build villages of small-scale prosperity, we must further emancipate minds, broaden our perspectives, develop the strong points in various localities, continue to adjust industrial structure, and actively explore ways to achieve affluence. First, we will vigorously develop township and town industries and, on the premise of continuously improving economic returns and management standard, maintain a relatively rapid development speed. In the places with weak township and town industries and poor places, efforts must be made to develop resources and processing enterprises; they should particularly start from developing and processing agricultural and sideline products, and form scales as soon as possible. In the places with better conditions, efforts must be made to seek improvement; to expedite technological reform and adjustment of industrial structure and product mix; and to improve grade, quality, scale, and returns. Second, we will organize "double-high development" of high output and high returns of agriculture. Through promotion of various kinds of intercropping and model cultivation, to increase multiple cropping index, expand the proportion of the output value of cash crops centering on cotton and tobacco, and improve per unit area input-output rate, pushing farm production to the track of efficiency and commodity production. Third, we will vigorously develop animal husbandry, fish breeding, and poultry raising. We will emphasize operations of scale when strengthening the building of the bases of animal husbandry and fish breeding; develop a production series centering on large processing enterprises; diligently improve the commodity rate; enable animal husbandry and fish breeding to gradually become commercialized, professionalized, and intensive; and strive to build our province into the country's meat, egg, and milk production base. Fourth, we will vigorously develop cash forestry in mountainous areas, hills, and deserts. Guided by market need, and centering on famous, special, and quality products, we will strengthen building of bases, grasp a series of explorations, and improve economic returns. We will uphold the principle of giving benefits to the one who invests and explores, and we will raise funds through various channels. By making efforts for several years, we will strive to let each person have half a mu for cash forestry. Fifth, we will vigorously develop a courtyard economy. A courtyard economy is highly adaptable, requires little investment, is easy to run, can score quick results, and has great development potential.

Through summing up and promoting the model experiences, we will guide the broad masses of peasants to utilize the land in front of and behind their houses, the land beside ponds and village paths, and their leisure time to vigorously develop cultivation, poultry raising, storage, processing, service, and various kinds of courtyard production and operation to form a trend in developing courtyard economy in the rural areas in the whole province as soon as possible.

Grain production has a bearing on the whole province's economic development and social stability. With a high degree of sense of political responsibility and forceful measures, governments of various levels must diligently fulfill the production quota of 30 billion kg of grain. This year's summer grain production confronts an extraordinarily big drought unseen in 50 years, and the situation is very grim. When we further mobilize the people in the whole province to do their best to resist drought and protect seedlings, we must strengthen guidances for different tasks, adopt corresponding remedial measures, and strive to reduce loss of grain. We must earnestly prepare for production of autumn grain, plant seedlings well, strive for an increase in output, and use autumn grain to make up for summer grain. Various businesses and trades must do their best to support the struggle against drought, and ensure the supply of good seeds, power, chemical fertilizer, diesel oil, and machines, making the contributions they should make to the struggle against drought and for a bumper harvest.

We will vigorously launch water conservancy projects centering on the harnessing of the Huai He, and diligently improve the conditions for agricultural production and the subsistence conditions among people in some localities. The big floods and droughts since last year once again indicate that if we do not build water conservancy projects, agriculture will not be stable, and the whole situation will be shaken. We must grasp the opportune time and develop the spirit of Red Flag Canal, to properly build water conservancy projects. Regarding the harnessing of the Huai He, this year, key efforts will be made to reinforce the embankments along the main course of the Huai He, repair Shimantan reservoir, build a flood water storage area in Yangzhuang, and strengthen the dikes at Catfish Hill reservoir; all are key projects listed in the state's plan. We will really allocate the corresponding funds, and ensure that the projects are built according to schedule and prescribed quality. Regarding the harnessing of the Huang He, key efforts will be made to repair the dangerous parts of projects and sections of embankments, to ensure that the Huang He can safely sustain floods; we will fight for the state's approval to officially launch the key water control project at Xiaolangdi. Regarding irrigation projects, key efforts will be made to build a coordinated system of wells, canals, drainage, and irrigation facilities; strengthen the building of high-yielding and stable-output farmland which can resist both flood and drought; expedite the project in diverting water from the Huang He to irrigated farmland, the project in changing

dry farmland to paddy field in southern Henan, and the project in improving terraced fields and harnessing small river valleys in western Henan; and resolutely solve the problem of water for man and animals in the hilly areas in northern and western Henan. The provincial government has decided to raise special funds through various channels and organize special efforts to carry out planning and prospecting of water resources, and implement projects one by one to change the serious shortage of water in some places in northern and western Henan as soon as possible. The building of water conservancy projects is an undertaking for the whole society, and we must mobilize and rely on the strength of the whole society, emphasize input from collectives and individual peasants, channel our efforts to the areas invested with state funds, and utilize foreign funds and funds raised by social groups as a supplement, to increase input in water conservancy through various ways. By making efforts for five years or a longer period, we will upgrade our province's ability to resist drought and flood to a new level.

We will continue to carry out relief work and the work in helping the poor. We will uphold the principle of helping the poor with science and technology and economic development; we will further relax policy, set free the internal vitality in the poor areas, and expedite development of commodity economy. We should never relax in the work of production for relief. We should uphold the principle of "rescue, poverty aid, restoration, and development"; implement thoroughly various policies of production for relief; consolidate the relief work results we have already scored; and ensure that disaster victims live well in spring. We will pay earnest attention to the serious drought in northern and western Henan, which is still developing, and promptly prepare work in production for relief. The poor areas and the people in the disaster areas should develop the spirit of self-reliance; they should not wait and rely, but should establish themselves by working hard, rebuild their homes as early as possible, and eliminate poverty and achieve affluence.

3. Emphasizing improvement of state-run large and medium enterprises, we will expedite structural adjustment and technological advancement, enabling economic returns to improve markedly.

Whether our province's industrial economic returns can markedly improve depends first on whether structural adjustment can make substantive progress. We must make a special effort to adjust product mix, treat different products differently, adhere to the principle of fixing production quota according to salability, fully support the enterprises which have salable products, help the enterprises which have marketable but not readily salable products to strengthen sales, strictly restrict the production of the products which have an output larger than demand and which have overstocking, ban the production of the products which are unsalable, and resolutely change the abnormal situation in which some enterprises experience increase in output, increase in stockpile, decrease in returns, and increase in losses. The

government will decide on and carry out planned management over major adjustment of industrial structure, key construction projects, and their distribution pattern. The relevant provincial department must announce a catalogue of products according to a fixed schedule, clearly pointing out the products which it encourages and the products which it restricts; it should strengthen guidance, and avoid repetition of construction projects and import of same technology. We must uphold the principle of survival of the fittest, to optimize composition of production factors and organization and structure of enterprises. We must seriously implement and perfect the policy on developing enterprise groups, and establish enterprise groups which transcend region, trade, and ownership system by such methods as purchase of shares, control of shares, merging, and joint venture. We will develop enterprise groups under a new joint-stock system which allows legal persons to buy shares. Through structural adjustment, we will produce as quickly as possible a number of "provincial teams," "city teams," and competitive products which can occupy the market.

Technological advancement must pay close attention to improvement of quality, variety, standard, and economic returns; it must totally observe the relevant policies and measures announced by the central and provincial authorities, and proceed more rapidly. First, we will grasp "Project 118." We will use all our strength to transform 118 key enterprises in the province. By intensive transformation, we will enable them to become major enterprises which have a high degree of technology, are very capable of earning foreign exchange, can produce an output value of 100 million yuan, and provide profit and tax amounting to 20 million yuan, generating a large amount of profit, tax, and foreign exchange. Second, among some enterprises which have a heavy duty of technological transformation and are very capable of enduring pressure, we will implement the "three kinds of 1 percent" measures, that is, depreciation rate increases by 1 percent on the current basis; allocate 1 percent from the income of sale of products as fee to develop new technology; and allocate another 1 percent from such income to beef up the circulation fund, so as to enhance enterprises' ability to increase scientific and technological input. Third, the province, prefectures, and cities should select a small number of large backbone enterprises or enterprise groups to practice total contracting of input and output for a long period of time, and allow enterprises to retain a major portion of the newly increased returns for technological transformation, and we will encourage enterprises to increase returns so that they can retain more, so as to expedite technological transformation and development. Fourth, in three years, reduce the proportion of the profit handed over by 587 state-run industrial enterprises to less than 33 percent of the profit they actually attain; in two years, abolish the method of levying energy and transportation fund and budget regulation fund on enterprise depreciation fund. Fifth, we will fully utilize the state's

policy of "linking up reduction and loan," to actively promote the sale of overstocked goods, and reduce the portion of funds being tied up by finished products to have more loans for technological transformation. Sixth, we will strengthen preparation work in technological transformation projects, discuss the feasibility of a number of strategic adjustment projects, and actively develop high- and new-tech industries to better utilize foreign funds and win more support from the state. Seventh, we will appropriately delegate decisionmaking power concerning technological transformation and investment management to lower levels, to enable enterprises to become the mainstay for carrying out technological transformation and investment, to form mechanism stimulating technological advancement among enterprises as soon as possible, and to encourage enterprises to raise funds by the methods such as securing direct financing in the country and attracting funds from abroad, for technological transformation.

Strengthening enterprise management is a basic guarantee for properly running enterprises. At present, the crucial task is to run factories with stringent regulations, establish various economic responsibility systems within enterprises, perfect them, seriously rectify work discipline, and strictly give punishments and awards. Quality is the life of enterprises, and every enterprise must firmly establish the sense of quality and the sense of famous brand, actively carry out thorough quality control and other modern management methods, extensively launch activities of technological transformation and proposal for rationalization among the people, and rely on quality and reputation to win customers and market. We must further launch ideological and political work for enterprises; fully develop political strong points; wholeheartedly rely on the working class; and arouse the sense of being the master, enthusiasm, and innovative spirit among the broad masses of workers.

We must further expedite the construction of key projects. This year, we will strive for a 7 percent increase over last year in the investment in fixed assets in the units owned by the whole people, ensure that 18 key projects complete construction or begin partial production, and try to launch eight key projects such as the Zhongyuan Ethylene Plant, which will have a production capacity of 140,000 tonnes. The relevant departments of various levels must strengthen leadership and management over construction of key projects, vigorously build reserve projects, and form reserve projects of various levels and kinds. We must organize a forceful group for negotiating and winning projects, and try hard to win more investment projects. Regarding the newly launched projects, without exception we will practice a real bidding system; regarding the projects which we have already launched, we will practice follow-up management and run on-the-spot offices, practice a stringent responsibility system, and firmly grasp the work in construction so that projects can begin production.

4. Invigorate large-scale circulation, and vigorously develop the tertiary industry.

At present, the conflict between circulation and production has become increasingly prominent, so we must take circulation as seriously as we do production. To invigorate large-scale circulation, we must deepen circulation structural reform and increase enterprises' vitality. Except for the major consumer goods, materials, agricultural and sideline products, pharmaceutical products, and some agricultural means of production, which are controlled by the state, all other products should be excluded from the mandatory plans for allocation, transfer, and distribution, and included in the guidance plans of control or market regulation. We should continue to bring into full play the role of the state and cooperative circulation enterprises as the main outlets, attach importance to displaying the initiative of the self-employed and private commercial sectors, and give them encouragement and guidance for healthy development. We must resolutely put into effect various kinds of decision-making power vested in the state and cooperative circulation enterprises by the "Enterprise Law"; persevere in and perfect the enterprise contract responsibility system; energetically disseminate the experience of the "four relaxations" in operation, prices, employment, and distribution to make the state and cooperative circulation enterprises real socialist commodity operators who operate independently and assume sole responsibilities for their own profits and losses; and accomplish the shift of operational mechanism. The state-owned circulation enterprises should display their group advantages by developing jointly operated and marketing commercial-industrial, commercial-agricultural, and commercial-commercial organizations at multiple levels and in multiple forms. The supply and marketing cooperatives should really become peasants' own cooperative enterprises, break through the limits of trades and professions, open the scope of operation even wider, and gradually become comprehensive business units which integrate circulation with service, industry, and investment. The foreign trade enterprises should be oriented to the needs of both domestic and international markets, with stress on foreign trade but domestic trade being also engaged in, and take the road of operating a complete set of businesses including production, processing, storing, transport, and sales of export commodities. The grain enterprises should effect the transition to commodity operational mechanism as quickly as possible, and change from purely purchasing and distributing grain to the right course of diversified operation, processing service, and comprehensive development. The mechanism of assuming sole responsibilities for own profits and losses should be introduced so as to eliminate operational losses.

To invigorate large-scale circulation, it is necessary to accelerate the building of markets. We must give free rein to the geographical and resource advantages of our province, establish incrementally a market network with multiple levels and functions, and with strong radiating

power so that Henan will become one of the country's trade centers with greater influential effect. This year, the market construction in our province will focus on large and medium wholesale trading markets. In light of their own advantages and historical traditions, all localities should be geared to the needs of the entire country with the backing of the central cities, and speed up the development of wholesale trading markets for agricultural and sideline products, means of production, and industrial goods. Meanwhile, we should do all we can to develop trading markets for labor service, banking, technology, insurance, information, real estate, and property rights. We should raise funds in an extensive way for the building of markets, tighten market control, and set up market mechanisms characterized by fairness, equality, competitiveness, and selected superiority. We must take resolute measures to severely crack down on the illegal activities of producing and selling fake and inferior goods. In the principal places where fake and inferior goods are particularly concentrated, which has produced an adverse influence, rectification must be carried out compulsorily, and the responsibility of the local administrative leaders must be seriously investigated. At the same time, activities of not selling fake and poor-quality goods should be conducted in the principal shops in Zhengzhou and other cities to create and safeguard the fine image of Henan Province. In invigorating large-scale circulation, we must break through regional barriers, and eliminate the phenomenon of arbitrarily establishing checkpoints to carry out random checks.

The vigorous development of the tertiary industry is of vital importance to invigorating large-scale circulation, quickening the pace of opening up, and facilitating improvement of the people's life. We must put into practice various policies and measures, and encourage people to actively engage in the service sector so that a large number of people can live on this industry. To develop the tertiary industry, first, we should perfect the traditional business, catering, and service trades; step up the building of networks and centers; bring them into the urban construction plan; and deploy them in the busy areas and main streets of cities and towns. Moreover, to meet the requirements of reform and opening up, economic development, and the increase of city functions, we should expedite the development of the burgeoning service sectors such as communications, transport, posts and telecommunications, banking, insurance, information consultancy, and cultural recreation with a view to promoting production and construction, facilitating the people's life, and increasing opportunities of employment. Efforts should be made to improve the business environment, adopt preferential policies, and attract businessmen from other provinces to come to Henan for the development of the tertiary industry.

5. Invigorate finance and banking, and take firm control of the "two eliminations and two creations" to alleviate financial difficulties.

This year, there are relatively more factors of increasing expenditure, and a lot of difficulties exist. In order to mitigate financial difficulties, we must do the financial and tax collection work well in the spirit of reform, and vigorously launch activities of increasing revenue and

reducing expenditure. First, we must firmly take the "two eliminations and two creations" as a breakthrough point, give impetus to enterprises in their efforts to eliminate losses and create revenue and to financial departments at county level in their endeavor to eliminate subsidies and create revenue to accelerate the building of income sources. Regarding the 118 enterprises for promoting a benign financial circle and 142 major enterprises for creating taxes and profits as defined by the provincial authorities, we must continue to adopt preferential measures toward them so they can increase production and income. In the counties (cities) which set targets last year to eliminate subsidies and create revenue, a strict responsibility system should be practiced, and the stipulations on awards and penalties should be resolutely carried out. In order to make it possible for the financial departments at county level to eliminate subsidies and create revenue, we must set up township financial departments, practice the method by which counties are wholly responsible for townships' financial status, and delegate power to the lower levels accordingly. Taking this as a breakthrough point, we should expedite the comprehensive economic structural reform in counties and townships, mobilize the initiative of pooling funds and managing financial affairs at township level, and invigorate townships' financial bodies. We must conscientiously pay serious attention to industrial and commercial enterprises in their work to make up deficits and increase surpluses, provide classified guidance to them, and eliminate losses within a set time. Regarding the leaders of enterprises suffering operational losses over a long period of time, they are not allowed to take up posts elsewhere when the enterprises are still running in the red. As to those failing to eliminate losses within the specified time, they must get reduced wages or even be removed from the office. Regarding the enterprises suffering from long-term losses and hopeless of eliminating losses, they must be resolutely closed down and suspended under the precondition that the social insurance and job assignment work is well taken care of. Through this year's efforts, we must achieve one percentage point increase of profit rate per hundred yuan sales income in the profit-making industrial enterprises throughout the province, and the operational losses of industrial and commercial enterprises must be reduced substantially. Second, we must intensify tax collection and management, impose strict discipline on tax payment, stop up all loopholes and check evasion of taxes, and collect all moneys due to be paid as taxes in full amount and in good time. Third, starting from reform, we must screen various kinds of financial subsidies and cut down financial expenditure. All operational units having surpluses must give up or reduce their institutional funds allocated by financial departments according to different conditions, and all institutions which directly serve production and life must run their units to incrementally become economic entities which assume sole responsibilities for their own profits and losses. We must substantially reduce or even abolish subsidies to enterprises; in particular, we must earnestly resolve the operational losses which are under cover of

losses due to policy. Various kinds of price subsidies must be abolished by stages and in groups. The counties depending on financial subsidies must increase their margins of subsidy reduction, and accelerate their economic development so as to support themselves as quickly as possible. We must firmly establish the idea of leading an austere life, strictly control the sizes of administration and institutions, energetically simplify meetings and documents, hold down administrative expenditures and social institutional purchasing power, and run all undertakings industriously and thriftily.

We should make further efforts to do banking work well; continue to lay stress on supporting agricultural production, scientific and technological development, and struggle against natural disasters and provision of relief to disaster victims; conscientiously carry out and improve the method of "linking up inventory reduction with granting of loans"; enthusiastically help large and medium enterprises obtain funds in renminbi and foreign exchange needed for technological transformation; support the province's key projects and large and medium enterprises through issuance of bonds and other direct financing means, widen funds channels, and do a good job of lateral funds financing through perfecting financial markets; and adhere to the credit principle of supporting the superior and restricting the inferior, vigorously back up increase of production in the enterprises which turn out readily marketable products and have good economic results, and restrict or even stop granting loans to the enterprises with stockpiles of goods and poor economic results. While paying attention to clearing enterprises' "debt chains," we must uphold strict discipline on account settlement, and guard against the occurrence of new defaults in debt repayment.

6. Quicken the pace of invigorating Henan through application of scientific and technological advances, and really shift economic construction onto the right track of relying on scientific and technological progress and raising laborers' quality.

To deepen scientific and technological reform, we must further relax control on policies toward scientific and technological research units and personnel. For the scientific research bodies with a development nature and the scientific and technological organs with dissemination and application nature, we must stick to the method of reducing funds allocation on science and technology incrementally; accelerate their process of changing tracks and shifting types so as to become entities of technology, agriculture, and trade as well as of technology, industry, and trade; change from the type of unitary scientific research to an integration of scientific research, production, and operation; and quicken the pace whereby technology assumes commodity and market characteristics so that not only will a large number of scientific and technological achievements be rapidly transformed into productive forces, but the scientific research units themselves can attain rapid development, thus forming a benign circle of mutual dependence and promotion in economy and science and technology. The scientific

research units themselves should introduce competition mechanism, and put into effect a dynamic optimizing organization. A foundation fund system should be practiced for basic research projects, which will be evaluated and examined by experts who will select and establish fine-quality projects. For applied research projects, it is necessary to increase scientific and technological input in the industrial departments so they can invite public tenders to carry out equal competition, and for technological development projects, they should be totally guided and regulated by markets. We must disseminate the experience of the agricultural scientific and technological contract system, change it from a nominal to a practical approach, introduce a risk mechanism, and set up a collectivity of interests; continue to encourage and support scientific and technological personnel to promote techniques in and provide service to urban and rural collective enterprises and the first line of agricultural production in such forms as transfer, resignation, suspension of wages while reserving the posts, and part-time jobs; show respect for learning and professionally trained people, protect intellectual property rights, bring into full play the role of the existing scientific and technological personnel, and attract talented people and technology from other provinces and abroad in an extensive way; and continuously deepen scientific and technological investment structural reform, and change from depending on unitary government allocation to multiple fundraising channels including government support, bank loans, enterprise investment, bond issuance, and introduction of foreign capital to increase scientific and technological input.

It is necessary to conduct activities of invigorating agriculture and industry through application of scientific and technological advances. In terms of invigorating agriculture, this year, priority should be given to spreading 100 items in 10 categories of advanced applicable scientific and technological achievements including fine breeds of domestic animals, processing of agricultural and sideline products and preserving freshness of them, and water-saving farming, establishing 5.5 million mu of high-yield and good-result comprehensive demonstration bases of grain, cotton, and edible oil, as well as 20 regional backbone industrial development bases, and running well the Shangqiu Spark Program experimental zone. In terms of invigorating industry, we must conduct coordinated tackling of key projects centering on the new high-tech fields including the province's leading industries, energy, communications, and biological engineering; select 140 items of achievements and patents in the fields of new materials, electronic information, and biological technique to be recommended to large and medium state enterprises and geared to their needs; and promote the formation and development of new high-tech industries with Zhengzhou and Luoyang as principal bases. It is necessary to increase the actual strength of scientific and technological development in large and medium enterprises so they will have organs, funds, and plans for scientific and

technological development and become the mainstay of pushing forward industrial technological progress.

Education is the foundation for invigorating Henan through application of scientific and technological advances. It is necessary to vigorously develop vocational and technical education, actively carry out peasants' technical and workers' in-service training, and arouse the enthusiasm of running schools by social forces with emphasis laid on educational quality rather than on qualification. The institutions of higher learning should optimize educational structure and expedite the specialty layout adjustment in light of economic construction requirement. Reform should be carried out in enrollment and distribution methods in agricultural, forestry, aquatic, medical, and normal universities and colleges, increase the ratio of enrollment in rural areas, and practice-oriented recruitment, cultivation, and distribution. The rural education must be based on serving the local economic construction as well as invigorating counties and making people prosperous, take the development of vocational and technical education as a breakthrough, accelerate the structural adjustment of rural secondary education, and spread the experience of "overall planning of three kinds of education" and "integration of education with agriculture and science." We must continue to step up basic education and make positive efforts to implement nine-year compulsory education; attach importance to popularization work of scientific and technological knowledge, work hard to eliminate illiteracy in culture and science, and enhance all laborers' scientific and cultural level; further step up building a contingent of teachers, strive to raise the professional quality of teachers, rural secondary and primary school teachers in particular, and enthusiastically cultivate and strengthen teachers for vocational and technical education; raise funds in various ways and increase educational input by every possible means, and further improve the conditions of running schools by putting stress on replenishing teaching facilities and strengthening vocational education.

7. Strive to expand exports and earn foreign exchange and utilize foreign capital to make new headway in opening up.

This year, we will comprehensively implement the open strategy characterized by "optimizing environment, introducing investment abroad and establishing internal association at home, radiating in all directions, and developing by echelon," further strengthen the province's opening awareness as a whole, enhance work standard, and quicken the pace of opening up.

Expansion of export to earn foreign exchange is an urgent need for opening up markets to increase the province's abilities in foreign intercourse. It is necessary to further deepen foreign trade structural reform so foreign trade will attain new breakthrough in raising economic results, reducing costs, and practicing agency system after introducing the mechanism of assuming sole responsibilities for own profits and losses, thus promoting foreign trade corporations in combining trade

with industry, agriculture, commerce, and technology. We must resolutely put into practice the foreign trade procurement contract system and, in particular, strengthen the weak links of export by industry and trade enterprises, and export handled by production enterprises themselves; continue to pay attention to export base construction to ensure steady, abundant, and fine-quality supply sources of readily salable goods for export; persistently carry out the policy of supporting key products, and assist export production enterprises in becoming internationally market-oriented, optimizing the export product mix, raising the quality and grades of export goods, developing the export of complete sets of equipment and machinery and electrical appliances which require higher technological standard, and expanding the export of intensively processed agricultural and sideline products; and uphold the strategy of establishing trade ties with more countries and regions, adopt flexible and diversified export forms, and actively take the initiative in opening up new international markets. Moreover, we must further expand the export of labor service and create foreign exchange in tourism industry. After expending all effort, we should ensure that foreign exchange earned by export trade will reach \$1.14 billion this year, and do our utmost to exceed that figure. As for export of labor service and foreign exchange earned in tourism, we should ensure that both will actually grow by more than 30 percent over last year.

The pace of utilizing foreign capital should be accelerated. This year, we should strive to reach \$190 million, representing an actual increase of 31.5 percent over last year, and the numbers of newly approved foreign-invested enterprises and imported technological projects should increase to some extent as compared with last year. Departments at all levels should keep a data bank of projects using foreign capital and an "investment guide" on negotiations of cooperation with foreign countries so that other sectors and foreign businessmen will be clear at a glance about the investment environment, production condition, preferential policies, and so on, thus increasing the transparency of foreign cooperation. We must organize a powerful contingent of foreign trade negotiators; take the initiative in holding news briefings, trade talks, export trade fairs, and other scientific and technological exchange activities at multiple levels; actively seek cooperation opportunities, and open up foreign cooperation channels widely; firmly promote opening up through tourism, expedite the development and construction of the 10 major historical relics and sightseeing spots focusing on Zhengzhou, Kaifeng, Luoyang, the Three Gorges, and other cities and prefectures, continue to concentrate strength on running well the Luoyang Peony Flower Festival and China Zhengzhou International Shaolin Martial Arts Festival, and elaborately organize the first trip of traveling along the Huang He and other festive activities for the "1992 China Friendship and Sightseeing Year" to achieve the aim of boosting economic relations and trade through the help of tourism; conscientiously put into effect the relevant policies of importing foreign capital, and encourage

enterprises to boldly utilize such capital; and energetically popularize the successful patterns and model experience of foreign capital utilization, and unceasingly raise the level and results of utilizing foreign capital.

In order to open wider to the outside world, it is necessary to improve the investment environment unswervingly. We must accelerate construction of the Zhengzhou-Kaifeng-Luoyang high-grade highway; Zhengzhou telecommunications network project; 285,000 program-controlled telephone sets to be installed in 17 cities, prefectures, and counties at city level; and a number of power plants, and do well in the second-phase transformation work of Zhengzhou airport and railway station, as well as the initial-phase preparatory work of the Central China Exposition Center, and strive to have these projects established at an early date and begin construction. The "Three Superiority Cup" emulation activities should be conducted throughout the province in order to promote the construction of urban infrastructure facilities and comprehensive environmental control, further enhance the urban management level, and change urban appearances. We must delegate appropriate power to lower levels in examining and approving foreign investment projects, simplify the procedures of handling matters, and raise the handling efficiency as well as reception and service standards. Departments at all levels should step up the building of personnel involving foreign businesses, and work hard to raise the quality of these cadres; earnestly put into practice the joint-venture law, make efforts to run properly the existing foreign-invested enterprises, increase their abilities in creating foreign exchange, display their demonstrating effect, and intensify their appeal to foreign investors.

8. Continue to take firm control of family planning, and ensure the realization of population control objective.

This year, our province is still in its baby boom, so we must unswervingly take firm control of family planning work, and resolutely fulfill the population plan. We must unflinchingly carry out the "Henan Provincial Regulations on Family Planning," the "Detailed Regulations for Implementation," and the "Decision on Further Doing Family Planning Work Well" formulated by the provincial party and government, adhere to the guiding ideology of strict requirement in work and stringent handling in policy, continue to practice population control objective responsibility system, and unswervingly implement the approach of "veto by one vote" [yi piao fou jue quan 0001 4384 0694 0414 2938] in family planning. While continuously launching concentrated activities, we should make utmost efforts to lay firm hold of basic work, and step up organizational and institutional building at village level so that family planning work will get onto the right track of being conducted on a regular, institutional, scientific, and legalized basis. While persistently giving equal stress to administrative, economic, legal, and ideological educational methods, we should vigorously tighten the ideological and political work, make the ideological education run through the

entire course of family planning work, enable family planning to become voluntary action of the broad masses, and break new paths of relying on the masses to do family planning work well. It is necessary to fully use policy as a guidance and, by perfecting the policy, ensure that the single child families, particularly those in rural areas, will attain better political and social status and real economic benefits so as to encourage the vast number of peasants to have a single child. We must pay serious attention to the backward areas and weak links, speed up the reorganizational and institutional building in these areas so that family planning work will be actually implemented and the backward situation will be changed as quickly as possible. To this end, we must further carry out propaganda and education properly, intensify the entire society's awareness of population concerns, change people's birth concept, and raise their consciousness of family planning as well as prenatal and postnatal care, and protect the enthusiasm of family planning workers and the vast number of grass-roots cadres, make efforts to improve their working conditions and environment, and severely punish the retaliatory behaviors according to the law. Moreover, we must step up building the family planning personnel, and resolutely rectify all malpractices in family planning work.

9. Intensify the building of socialist democracy and legal system, strengthen the overall control of public security, and give impetus to political and social stability.

The essence and core of socialist democratic politics is embodied in the people being masters of their own affairs. Governments at all levels must always maintain the flesh-and-blood ties with the masses, and firmly safeguard the people's status as masters of the country; consciously accept supervision from the people's congresses and their standing committees as well as people's deputies; take the initiative in reinforcing contacts with the Chinese People's Political Consultative Conference, various democratic parties, patriotic personalities without party affiliation, and mass organizations, and give play to their role in democratic supervision and in participation in deliberating and administering state affairs; and continue to enliven basic-level democratic life, amplify enterprise democratic management system and residents' and villagers' autonomous system with a view to fully mobilizing the people's enthusiasm in building socialism.

At present, the social security situation in our province is still comparatively grim, so we must uphold the principle of "stability prevailing over everything," further strengthen the people's democratic dictatorship, handle properly the overall control of public security, and work hard to maintain a stable and unified political situation in a bid to create a fine social environment for the people throughout the province to live and work in peace and contentment and engage in economic construction with concentrated energy; always maintain vigilance against, and severely crack down on, the sabotage activities of the hostile forces at home and abroad, as well as activities involving serious criminal and economic offenses; and

thoroughly wage the "striking a heavy blow" struggle with stress on fighting against theft and robbery, and take ferreting out major cases, unearthing criminal gangs, striking at fleeing offenders, and capturing escaped culprits as the main direction of attack. Moreover, aimed at the hot problems which aroused strong repercussion among the masses, such as abduction of women and children, whoring and prostitution, and wrongdoings of bandits and local tyrants along the lines of traffic, we must wage special struggles to deal severe and quick blows at the arrogance of the criminals in accordance with the law, and be determined to curb the rising momentum of ferocious criminal cases. We must control various social trends in good time, vigorously check and remove the destabilizing factors, handle properly the prevention and disposal of various kinds of sudden events in a meticulous way, and resolutely crack down on the sabotage activities under disguise of religion and pertinent lawbreakers, and do the internal security work in government organs as well as in factories, mines, and enterprises in real earnest, pay serious attention to the reorganization of some special trades and professions, and tighten the security control in public places. While maintaining the "striking a heavy blow" struggle, we must place the preventive and control work of public security in a prominent position, improve the measures of mass prevention and control, and form a tight social security network; highly value the security work in rural areas, speed up the building of basic-level police stations and security organs, and reinforce the people's investigation work; establish and amplify rules and regulations of residents and villagers, and launch mass activities on safeguarding public security; continue to do local legislation work well, and perfect statutes and regulations according to legislative procedures; and continue to carry out education on law popularization, enhance the people's legal concept and the consciousness of governments at all levels to perform duties according to the law, and develop a favorable social atmosphere of studying, understanding, observing, and safeguarding the law in the entire province.

10. Thoroughly conduct ideological and political education, and vigorously push forward the building of socialist spiritual civilization.

In building socialism with Chinese characteristics we must do a good job of building socialist spiritual civilization steadfastly, and step up theoretical studies for government cadres at all levels on Marxism-Leninism-Mao Zedong Thought and conduct ideological education on patriotism, collectivism, and socialism, as well as the party's basic line, throughout the province in an extensive and profound way to further heighten the level of socialist consciousness, ideology, and morality; strengthen the confidence and determination in taking the road to socialism with Chinese characteristics; and radiate the great vigor in reform and opening up. In conducting the party's basic line education, we must hold fast to "one center, two basic points" so people from all quarters of the province will consciously serve

the center of economic construction in thinking and action, firmly stick to the four cardinal principles, fight against bourgeois liberalization, energetically push forward reform and opening up, and go all out to pioneer a cause for the rejuvenation of Henan; continue to conduct well the rural socialist ideological education, comprehensively implement the party's basic line and its rural principles and policies, speed up organizational building of grass-roots units, and accelerate the two civilizations in the rural areas; intensify the education of young students in modern Chinese history, patriotism, and revolutionary tradition, help them establish a correct world outlook and outlook on life, strengthen national self-confidence, self-respect, and sense of historical mission; continue to launch activities in a big way on learning from the 12 flags on industrial and agricultural fronts and from advanced models, the emulations of "Three Superiority Cup" in cities and "Jiao Yulu Cup" in government organs, and activities involving striving to become civilized peasant households and civilized units; and step up the propaganda and education on social morality, professional ethics, politeness, and change of social traditions to foster fine social customs and remarkably improve urban and rural environmental appearance, social order, service attitude, and the quality of various trades and professions.

In terms of journalism and propaganda work, we must comprehensively carry out the party's basic line; uphold the principle of unity, stability, and encouragement, with stress on positive propaganda; give prominence to reports on economic development; vigorously publicize heroic and exemplary individuals, advanced units, and new things emerging in reform and construction; guide people in correctly understanding the situation; and impel the vast number of cadres and masses to plunge themselves into the great cause of revitalizing the province. In terms of cultural, artistic, and publication work, we must stick to the direction of serving socialism and the people, continue to implement the policy of "letting a hundred flowers blossom and a hundred schools of thoughts contend," increase the creative work with themes of revolutionary historical tradition and socialist reality, endeavor to make culture and art prosperous, develop the fine culture of the Chinese nation, do a good job of rural cultural building, disseminate scientific and general knowledge and, at the same time, thoroughly wage the struggle of "sweeping away pornography" and "eradicating six vices" to purify the social and cultural environment. Workers on the sports and public health fronts should make unswerving efforts to enhance the people's physique and their health level.

In this year's government work, we should continue to do our work well in various fields of endeavor, including Overseas Chinese affairs; nationality, religion, and civil affairs; archives; environmental protection; mineral resources management; and so on, and strive to score new achievements in these aspects; continue to carry forward the glorious tradition of supporting the Army and giving preferential treatment to families of revolutionary soldiers and martyrs, maintain close ties between

the Army and government and between the Army and the people, and launch activities on joining efforts of soldiers and civilians to "make the cities double support models"; and further step up national defense education, show deep concern for and give full support to the Army building, conduct the militia and reserve work properly, and make new contributions to solidifying national defense.

Emancipate the Mind, Change the Style, Pay Serious Attention to Implementation, and Endeavor To Raise Government Work Level

In this new year which has just begun, governments at all levels must consciously adapt themselves to the requirement of new situation, center around the actual implementation of all measures, further intensify the building of thinking style, improve the government work, and unite and lead the people of the entire province in triumphantly fulfilling various tasks of the year.

We must further emancipate the mind, and be good at working creatively. The emancipation of mind will certainly bring about a great development of productive forces, and only by working creatively can a new situation be initiated. To emancipate the mind, we must adhere to the party's ideological line of seeking truth from facts and proceeding in everything from reality; do away with all outmoded ideas and concepts which hinder the building of socialism with Chinese characteristics and the establishment of a new socialist planned commodity economic structure; heighten the awareness of importance in reform, opening up, and commodity economy; and strengthen the senses of crisis and urgency to forge ahead to change the backward appearances. Besides, we must encourage and support the vast number of cadres to work creatively and, in the practice of reform and opening up, unceasingly establish new concepts, study new measures, and strive for new development.

We must stick to the guiding ideology of "uniting and endeavoring to invigorate Henan," encourage and support the vast number of cadres in pioneering a cause, hold fast to the key factors of strengthening unity and inspiring spirit of the broad masses and cadres, and lead them in forging ahead with one heart and one mind to achieve the objective of "uniting and endeavoring to invigorate Henan." For this purpose, we must seek real unity in thinking and action, and concentrate all our energies on it; earnestly uphold the principle of "depending on party character in work and appraising cadres' standard in the light of their administrative achievements"; resolutely suppress the evil things to foster the right ones; and eliminate all interference. Toward cadres and masses, we should give encouragement and support to their work, criticize and educate them for the mistakes we find, strictly check and act upon those who make trouble, and strive to create a social environment in which everyone does all he can to pioneer a cause.

We must make further efforts to change government functions and enhance administrative level; positively reform government's mode of managing the economy, reduce direct management and expand indirect management, attach importance to handling official affairs in line with economic law, step up investigation and study, and be adept in promoting work on the strength of policies and typical cases, as well as in regulating economic operation with such comprehensive means as prices, credits, taxes, and so on, and speed up economic theoretical research and the building of "think tanks" and "brain trusts," and continuously raising the policy-making level. Governments at all levels should intensify their service awareness; actively go down to the first line of production and construction; remove anxieties and overcome difficulties of basic units, enterprises, and the masses; change from enterprises turning around government organs to the opposite direction; and make management reside in service so that management is well conducted through service. Starting from the various departments of the provincial government, they should change official functions and set examples to the entire province.

We must firmly establish the idea of "guarding against three evil tendencies and promoting a real style in four aspects," and pay serious attention to the fulfillment of various tasks. Empty talk endangers a country, while practical work makes a country prosperous. This year, governments at all levels must really concentrate their main energies on the implementation of various major policy decisions and work deployment of the central and provincial authorities with the greatest determination and efforts. We must resolutely oppose and guard against subjectivism, formalism, and bureaucratism, and develop into a fine style of encouraging real enthusiasm, doing real things, pay real attention to implementation, and striving for real efficiency. All government work must be conducted according to plans and subject to periodic examination and feedback, and supervision over its fulfillment must be tightened. The actual results should be taken as principal criteria to judge cadres' achievements in performing their official duties, and the vast number of cadres should be given encouragement and support to work hard and do practical things. When leading cadres inspect work in grass-roots units, they must persistently go deep into the realities of life, be encouraged to pay personal visits in plain clothes, directly listen to the opinions of basic-level cadres and masses, and be acquainted with actual situation. We must be firmly determined to solve the problem of "excessive documents and lengthy meetings," vigorously simplify meetings and documents, improve the style to hold brief meetings and make neat speeches, strictly control newspapers and publications run by relevant departments, and strictly restrict ceremonial activities attended by leading cadres so that cadres at all levels will be able to release more time and energies for doing practical things.

It is necessary to persistently lay firm hold of building a clean and honest government. This year, priority should

be given to rectifying and checking "three malpractices and one major case," namely, malpractices in trades, personnel, and sumptuously eating and drinking with public funds, and the major important case of seeking personal gains through abuse of power. All trades and professions, departments of economic management, law enforcement units, and public institutions, in particular, should take the initiative in investigating cases and rectifying malpractices in light of the main problems existing in their trades; put stress on amplifying and practicing the system of "two opens and one supervision," and continue to severely check and act on major important cases such as seeking personal gains through abuse of power, graft and embezzlement, bribe-taking, racketeering, and so forth; and continue to take firm control of rectifying "three arbitrariness" [arbitrary collection of charges, arbitrary imposition of fines, and arbitrary financial apportioning], and be determined to lighten peasants' burdens. At present, peasants' burdens are still too heavy, which has evoked strong repercussions among the masses. Governments at all levels must adopt a highly responsible attitude toward the people, and take effective measures in real earnest to limit peasants' burdens within the scope specified by the state and province. First, we should resolutely abolish the charges and apportioning items which are obviously unjustified and with which the masses have expressed greater dissatisfaction, and severely check and deal with the bad example of using peasants' retained grain and eating and drinking extravagantly, which has brought about an odious effect. Moreover, we must strictly carry out relevant state and provincial stipulations and bring the management work on charges, fines, fundraising, and peasants' burdens onto the right track of institutionalization. In building a clean government, we must start with the leading organs and leading comrades who should take the lead in setting good examples. It is necessary to further step up ideological education, give full play to the supervisory role of the masses and public opinion, organically combine ideological education with the institution of systems and the checking and handling of cases, and consciously bring about actual results in order to safeguard the fine image of the party and government.

Fellow deputies, the present situation is gratifying as well as pressing. Let us closely rally around the CPC Central Committee with Comrade Jiang Zemin as the core and, under the leadership of the State Council and the provincial party committee, further enhance revolutionary spirit and unite to forge ahead and greet the opening of the 14th CPC National Congress with excellent achievements.

Ningxia Government Work Report

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[Ningxia Hui Autonomous Region government work report delivered by Ningxia Hui Autonomous Regional People's Government Chairman Bai Lichen (4101 4539

1820) to the Fifth Session of the Sixth Autonomous Regional People's Congress on 9 March]

[Text] Dear deputies:

On behalf of the autonomous regional people's government, I would like to deliver the government work report before the congress. I ask that each and every deputy deliberate the report and that members of the Ningxia Hui Autonomous Regional Committee's Chinese People's Political Consultative Conference [CPPCC] who are attending the session air their views on it.

I. Basic Situation in 1991 Work

The year 1991 marked the first year of the implementation of the Eighth Five-Year Plan and 10-Year Program. Over the past year, we have adhered to the party's basic line, earnestly implemented the various work guidelines of the party Central committee and the State Council, and vigorously promoted economic construction and social progress by taking into account Ningxia's realities, and by following the general requirements of the strategy to develop Ningxia's "Huang He economy." In spite of numerous unfavorable factors in social and economic life and the fairly high degree of difficulty involved, the building of socialist material and spiritual civilizations continued to advance forward thanks to the courage of the people of all nationalities in the entire region in the face of adversity, and thanks to their unity in surging forward. The gross national product [GNP] for the year reached 6.7 billion yuan, an increase of 4.2 percent over that of the previous year, based on comparable prices; national income reached 5 billion yuan or 3.3 percent more than that of the previous year, based on comparable prices; new achievements were also obtained in all kinds of social endeavors. The entire region enjoyed political stability, economic growth, unity among the nationalities, and social progress, while the entire situation is moving further in a good direction.

1. Agricultural output achieved a bumper harvest after battling natural disasters successfully, while the rural economy developed comprehensively. With the government at all levels persisting in stabilizing and perfecting rural economic policy, agricultural inputs were boosted, techniques and measures designed to raise agricultural production were widely popularized and applied, while the readjustment of the industrial structure in rural areas received extensive emphasis. Construction of water conservancy works and conservation of water and soil became subjects of popular interest. During the entire year, 150,000 mu [1 mu is equivalent to 0.0667 hectares] of new and additional land were irrigated, 200,000 mu of medium- and low-yield farmland were upgraded, irrigation and drainage of 1.2 million mu of farmland were improved, and 426,000 mu of afforested land were completed. The land area under cultivation was increased for the fifth consecutive year. To counter the region-wide frost damage in the spring and the severe drought in the mountainous areas since the summer season, remedial measures were taken promptly, while

remarkable accomplishments were achieved in the struggle against disasters, resulting in yet another bumper harvest in all leading farm products, except fruits whose production declined due to natural disasters. Grain production reached 1.998 million metric tons, 4.2 percent more than 1990's great bumper harvest, thus fulfilling the objective of "four successive victories." Production of oil crops, beet roots and meat products, eggs, milk, and aquatic products all registered record highs. Total output value in agriculture reached 2.83 billion yuan or 4.8 percent higher than in the previous year. Farm cultivation and reclamation systems displayed the advantages of large-scale socialized agriculture by making new contributions to the bumper harvest in agriculture. Township and town enterprises continued to grow, with output value at 1.61 billion yuan or 13.3 percent higher than the previous year. An excellent momentum has appeared in villages and town construction, boosting the development of economic and social endeavors in the rural areas.

2. Industrial production recovered gradually amid a difficult situation, while decline in economic results took a turn for the better. Last year, the level of difficulty that our region encountered in industrial production was unseen in years. In view of the fairly poor foundation of industrial enterprises, a campaign for the "Year of Quality, Variety, and Efficiency" was organized, yielding definite results. Random inspection of the quality of leading industrial products produced a passing rate of 96.2 percent, while more than 360 new products were developed; production of energy, raw and semi-finished materials, and marketable processed products grew steadily; production of 79 unmarketable products was either limited or suspended, and the capital of industrial products and commodities at the end of the year was 85.72 million yuan lower than at the end of June. The autonomous region drew up 40 policies and measures designed to inject more life into industrial enterprises, and specifically studied and mapped out the plan to improve large and medium-sized state-run industrial enterprises. Governments at all levels went to the enterprises to carry out their functions and helped the enterprises resolve their practical problems; 1.41 billion yuan of "debt chains" were broken, representing 67.6 percent of the base number in the entire region; 207 economic and technical cooperation projects were completed, nearly 50 million yuan in capital brought in, and roughly 80 million yuan worth of materials of all sorts jointly exported and imported. Thanks to the diligent efforts of cadres and workers on the industrial front, industrial production rose gradually, while the decline in economic results took a turn for the better. Total industrial output value for the year stood at 7.85 billion yuan, 5.5 percent higher than the previous year. Sales revenue of industrial enterprises covered in the budget was 14 percent higher than the previous year, while profit and tax payment for the current month stopped falling and started rising in June, with figures for the third and

fourth quarter being 26.1 percent and 9.1 percent higher than those for corresponding periods in 1990, respectively.

3. Fixed capital investment was completed fairly satisfactorily, spurring structural readjustment. Based on the industrial policy of the state and the autonomous region, a readjustment of the industrial structure and upgrading of technology of enterprises were highlighted in fixed capital investment, while the focus was directed on construction of production items and infrastructure of major impact to the economic development of our region. Fixed capital investment under the system of ownership by the whole people totaled 2.09 billion yuan, 24.6 percent more than in 1990. Investment in key sectors such as agriculture, forestry, irrigation, energy, raw and semi-finished materials, transportation, post and telecommunications, communications, science and technology, and education continued to rise. The comprehensive agricultural development project in the region irrigated by waters diverted from the Huang He boasted swift progress, fine quality, and outstanding results; the project aimed at raising the Huang He waters to irrigate Yanchi, Huanxian, and Dingbian is advancing according to schedule. The number 2 unit of the Daba power plant, the Shizuishan number 3 oil well, the ordinary pressure, decompression, and catalytic cracking installations of the Ningxia oil refinery, the Ningxia fermentation plant, the Ningxia phosphate fertilizer and biphosphammite factory, and other key projects were either completed or basically completed. The technological upgrading of enterprises was boosted, with 23 major technological upgrading projects and a number of similar small-scale projects completed and put into operation. Construction of communications and post and telecommunications facilities grew fairly quickly. The large Qingtongxia Huang He bridge is now available for use. We added 156 km of newly graded highways and 269 km of high class and second class roads. The telephone switching system capacity of Ningxia's cities rose to 36,000 households, construction on the Yinchuan long distance communications hub has been completed, and 90 percent of the counties have telephones in cities. The quality of engineering projects has markedly improved, attaining the national mid-level standard.

4. Sales in urban and rural markets revived steadily, and exports continued to increase. In the face of ever-intensifying competition in the market, governments at all levels persisted in opening up markets, and adopted numerous measures to expand sales and enliven circulation. Commercial, supply and marketing, grain, and materials departments actively gave play to the role of "primary channels," and sales in urban and rural markets picked up again relatively quickly. The total retail volume of commodities in society for the year reached 3.36 billion yuan, an increase of 11.9 percent over 1990's volume. Collective markets developed relatively quickly; the region added or renovated 35 collective markets, and collective market transactions amounted to 770 million yuan, an increase of 25 percent over 1990's volume. We

continued to strengthen management of the market and of commodity prices and circulation improved further. In the markets, commodities were abundant, commodity prices were relatively stable, and the people had stable consumption behavior. The overall level of commodity prices for the entire year rose to 5.7 percent above 1990's level, which is within the limits stipulated by the plan.

In foreign trade, exports encountered the unfavorable situation of economic sanctions imposed by Western countries. We adopted the development strategy of diverse outlets for markets and "using quality to attain excellence." In 1991, gross export volume reached \$88.65 million, an increase of 18 percent over 1990's volume, and the highest amount ever. We improved the quality of export commodities, as well as the product mix. We implemented a policy of preferential treatment toward the importation of foreign capital, and took advantage of the favorable situation in foreign capital. In 1991, we used \$13.39 million in foreign capital; we developed 22 of the "3 types of capital sources" enterprises, and generated export earnings of \$1.67 million, a 2.2-fold increase over the amount of 1990.

5. In financial and monetary affairs, we worked hard to tap our potential, and supported the development of production and construction. In 1991, we suffered a budget deficit in the national economy and in social development. This increased the burdens in financial work. Governmental, financial, and tax departments at all levels worked hard to increase revenue and cut expenditure, as well as boosted tax collection and supervision of all kinds of economic activities, thus ensuring continuing growth in financial revenues. Financial revenues for the year totalled 680 million yuan, an increase of 5.8 percent over 1990 in terms of comparable prices. In line with the demand to provide sufficient food and ensure progress of key projects, a tight rein was kept on expenditures while capital was managed positively. Compared to the previous year, key expenditure in capital construction, tapping of enterprise potential through technical innovation, science and technology, education, and assistance to agriculture were raised by a definite proportion at the same time that we worked to basically ensure distribution of wages and salaries.

With financial departments vigorously promoting savings and expanding capital sources, the balance of all kinds of bank deposits was 1.13 billion yuan more than at the end of 1990, while the credit balance grew by 1.43 billion yuan, thus easing the imbalance in supply and demand of credits. In extending credit capital, priority was placed on support to agricultural production as well as to large and medium-sized state-run enterprises, support to the purchase of farm and supplementary products as well as export commodities, support to key construction, technological upgrading of enterprises and increased production of marketable products, thus basically ensuring the capital requirements in economic operation. The insurance industry actively promoted all kinds of insurance businesses and played a fairly effective role in economic compensation.

6. Poverty alleviation efforts were centered on solving the problem of adequate food and clothing, while steady progress was made in all kinds of endeavors. By persisting in capital construction, relentless efforts were made to improve production and living conditions in mountainous regions. New and additional irrigated land area totalled 52,000 mu, 262,000 mu of land built under the "three kinds of farmlands" project were checked and accepted, 537 square km of land in small deltas were treated, and new drinking water projects for humans and animals were constructed; eight counties, towns, and villages in the mountainous regions achieved an electrification rate of 100 percent and an occupancy rate of 71 percent. Poverty-stricken belts and areas received preferential attention in effort to attack tough problems in poverty alleviation, with capital input at 14.43 million yuan or 42.4 % of the region's fund for "development of Hexi and Dingxi in Gansu and Xihaigu in Ningxia;" governments at all levels sent 1,183 cadres from organs down to help poverty-stricken villages and towns, and assigned 168 others to posts in poverty-stricken villages. Departments directly under the region obtained definite results in identifying and liaising among different counties in the poverty alleviation program. New progress was made in relocating the people of Diaozhuang, with some 13,000 poor people already resettled. While science and technology was vigorously promoted to help alleviate poverty, scientific and technological findings as well as practical techniques in agriculture were swiftly promoted and applied in the mountainous regions. Despite a serious drought that plagued mountainous regions, a good harvest was still achieved in agriculture. Grain output reached 522,000 metric tons, 1.5 percent more than in 1990; oil crops production reached 48,000 metric tons, 15.3 percent more than in 1990. Efforts were made to develop pivotal industries actively, with the development of beans, flax, poultry, mining products, and commercial orchards beginning to take shape, while construction of the meat and beef base in the Liupanshan region has already taken off. Gross social output value of rural areas in mountainous regions reached 930 million yuan, 7 percent more than in 1990, while the proportion of non-farm output value rose by 24 percent; per capita net income of the peasants was 385.4 yuan, 6.3 percent more than in 1990.

7. Economic structural reform was intensified amid economic improvement and rectification, while all kinds of reform measures were gradually perfected. Because the system of contracted responsibility on a household bases with remuneration linked to output in rural areas was upheld, stabilized, and perfected, new developments were made in the collective economy, and the collectivized services system in rural areas was bolstered. The contracted management responsibility system was improved further with the integration of the reform of enterprises with the second round of contracting, while simultaneously, experiments were conducted in the transformation of operational mechanisms, introduction of a shareholding system, a system that requires payment of taxes plus a percentage of profits to the state, and the

establishment of enterprises groups. Reform of the circulation system was deepened gradually, with state-run businesses and supply and marketing cooperatives implementing an annual market target management responsibility system and launching experiments to integrate retail and wholesale businesses, as well as combine the operations of retail and wholesale businesses; the all-round contract system under which grains and edible oil enterprises were accountable for their profits and losses was improved. The parity prices of grains and edible oils as well as certain major commodities and the prices of railway transport were readjusted, market construction moved toward a pluralist trend, and all kinds of special markets were promoted to a certain measure. Foreign trade structural reform focused on accountability for profits and losses, while export costs in terms of foreign exchange and expenditures dropped. Experimental reform of housing in the cities and towns proceeded smoothly and achieved initial success.

Improvements were made in macroeconomic regulation and control. The industrial policy of the state and the autonomous region was carried out and initial readjustment of the product mix and the industrial structure was effected. The Ningxia financial market was set up, expanding the issuance and transfer of bonds and debentures. The financial rationing system was perfected, ensuring rational growth in financial revenues. The method in which the total payroll of an enterprise is linked to economic performance was reduced, while enterprises not under this system were introduced to an experimental responsibility system in which payroll is linked to assigned targets.

8. New steps were made in science and technology and education, and new progress was made in social insurance endeavors. The integration of science and technology with economic construction was actively promoted, focusing on invigoration of agriculture through application of scientific and technological advances and on technological progress in industry. The collectivized services system in rural areas was bolstered, while technological contracts assumed by the group on bumper harvest plan were expanded. Technological progress in industrial enterprises was boosted, and certain results were accomplished in technological innovation as well as in the development of new products.

The overall planning of the endeavor to tackle tough issues in science and technology, the Spark Plan and the Torch Plan have resulted in 140 scientific and technological findings. As the education endeavor grows steadily, the idea of "education as the foundation" has struck deep roots in the hearts of the people, with 11 cities and counties (districts) implementing the law on compulsory primary education or the compulsory nine-year education. "Project 231" was carried out in full force in the rural areas of the region and played a positive role in boosting the quality of the rural labor force by wiping out illiteracy among 56,000 people and enabling 710,000 people to take part in technical training courses over the past year. Outstanding efforts

were made to stress the building of residential houses of middle and elementary school teachers, where a method combining financial support and personal funds was used to raise 15 million yuan in capital and resolved the housing problems of a number of teachers.

The building of a social insurance system was accelerated, with 20 cities and counties implementing a system where the retirement funds of permanent employees of enterprises owned by the entire people were planned by the cities and counties as a whole, while 10 other cities and counties implemented a system where the retirement funds of employees of collective enterprises were planned by the society as a whole. Employees' old age insurance is becoming more popular among township and town enterprises, privately-run enterprises, and "foreign-funded enterprises." Meanwhile, old age insurance for peasants is also beginning to take form. Focusing on the rural areas, health work has boosted the endeavors on prevention and health care and seen a gradual improvement in the health standards of the people. Thanks to the emphasis on family planning in the less progressive areas, the target population control plan was basically accomplished. The cause of the disabled people was boosted in terms of organization, with new results scored in the three kinds of rehabilitation work. New progress was also made in the protection of the ecology, notably in pollution control, environmental protection, and improvement of the quality of the environment.

9. New achievements are scored in the building of spiritual civilization, while unity among the nationalities is consolidated and advanced. In view of the changes in the international situation, governments at all levels launched all kinds of ideological educational activities under the unified leadership of the party committee and focusing on the rural socialist education drive and the "two basics" education drive in enterprises in order to firm up the socialist conviction of the cadres and people. Activities to build civilized units and civilized small districts were intensified, while a number of civilized units, five-good families and advanced individuals emerged all over the region. When eastern China was hit by extraordinary flooding last year, people around the region enthusiastically donated cash and goods, demonstrating a great sense of social responsibility and a spirit of sharing, unity, and friendship. The "spring light cup" quality service activities were carried out extensively in the finance and trade fronts, promoting the ideological and professional building of the contingent of employees and workers. In carrying out cultural endeavors, there was emphasis on rectification on one hand, and prosperity on the other hand. Simultaneous with efforts to tighten up management of the cultural market, vigorous efforts as well as new steps were made to promote creation of socialist art and literature. Radios, television, news and publications made new contributions in actively publicizing the party's guidelines and policies and enriching the people's cultural lives. Thanks to the theoretical work in the social sciences, new progress was

made in publicizing and popularizing Marxism-Leninism and scientific socialist theories, as well as in exploring the economic and cultural development of Ningxia. Activities where civilians support the Army and give preferential treatment to families of revolutionary army men and martyrs and activities where the Army supports the government and cherishes the people were carried out extensively. "Joint construction by the Army and people" bore remarkable results, while the education on the people on the importance of defense was popularized gradually. The building of the militia and the reserve force was effected, and unity between the Army and people, and between the Army and the government was boosted further. The city of Yinchuan was granted the glorious title of "double-support model city."

As the people of all nationalities in the entire region upheld unity and progress for all nationalities, socialist ethnic relations was consolidated and boosted further. Governments at all levels earnestly carried out the "Law on Autonomy in Nationality-Inhabited Regions," as well as the party's ethnic policies, and continuously strengthened ideological education on the Marxist view on nationalities and on ethnic unity. Hence, activities promoting ethnic unity and progress continued to grow, with a large number of advanced units and individuals promoting ethnic unity and progress receiving citations from the State Nationalities Affairs Commission. Vigorous efforts were carried out to support economic construction in Hui nationality inhabited regions and outstanding results were achieved in poverty alleviation. The production of the basic necessities of the different nationalities was boosted, as was trade involving the nationalities, thus satisfying the production and basic needs of minority nationalities. Education of nationalities was also strengthened, with 216 new elementary schools built in the southern mountainous regions. Teaching conditions in elementary and middle schools among the Hui people were improved further. Some 1,000 cadres of minority nationalities were recruited after they passed special quotas and tests, thus expanding the ranks of cadres of minority nationalities. The autonomous region's eighth games and the second traditional games of minority nationalities were staged, while a delegation was sent to take part in the national traditional games of minority nationalities, boosting the development of sporting activities of the nationalities. Certain problems in ethnic and religious matters were dealt with appropriately by upholding the principles of socialism and patriotism, thus safeguarding the political situation of stability and unity.

10. Socialist democracy was perfected further, and the socialist legal system boosted. Governments at all levels upheld and perfected the system of submitting reports to the standing committees of the people's congresses, and voluntarily accepted legal and work supervision. The 214 motions and suggestions presented by deputies to the people's congress and the 238 proposals from the CPPCC members were fulfilled by the autonomous regional government with improved quality. It formulated the "Decision on Strengthening Ties Between the

Autonomous Region and the CPPCC" and "On Further Strengthening of the Ties Among the Democratic Parties in the Course of Government Work", and actively accepted the democratic supervision of the CPPCC, the various democratic parties, and the all-China Federation of Industry and Commerce. At the same time, it forged closer links with the all-China Federation of Trade Unions, the Communist Youth League, and the All-China Women's Federation in the autonomous region. All these endeavors have had a positive impact in making the government's decision-making process more scientific and democratic.

Further efforts were made to strengthen the government's work in promoting the legal system. A number of new administrative regulations were drawn up, law enforcement came under inspection, and the study, publicizing, and training of the "administrative litigation law" was organized. Examination departments at all levels received, investigated and handled 481 cases of law infringement as filed by the people. They also monitored the law enforcement situation related to the economic improvement and rectification, deepening of reform, and current issues of interest among the people. Meanwhile, the public security and judicial organs firmly carried out the guideline to "hit hard and fast" at serious criminal activities in accordance to the law. With the struggle against theft and robbery as the breakthrough point, they struck forcefully at all kinds of crimes and promoted all types of measures designed to enhance the overall improvement of public security. At the same time, the work of lawyers and notary public advanced steadily, while grass-roots mediation organizations were consolidated and bolstered. Preparatory work on the "5 February" law popularization drive was completed satisfactorily and entered its implementation stage smoothly.

Deputies! The year 1991 also marked the final year in economic improvement and rectification. On the basis of the achievements obtained during the stage of economic improvement and rectification, our region has gradually shifted the focus of work to structural readjustment and improvement of economic performance. It has also begun to resolve the deep-rooted conflicts in the social and economic life, including problems in economic structure, management system, technical standards, and operations and management standards, worker quality, etc. In doing so, we have achieved certain results and consolidated the fruits of economic improvement and rectification. Compared with three years ago, the imbalance between supply and demand has eased, while the economic structure has also been ameliorated. Market order has improved visibly and the level of commodity prices has been kept in check. At the same time, we have endeavored to overcome the problems brought about by changes in market conditions and by poor quality in the national economy, and have maintained a continuing growth of the national economy. Generally speaking, our region's economic environment has undergone a remarkable transformation. A fundamental economic order is taking shape

gradually in the course of reform, while the principal objective of economic improvement and rectification as outlined by the party committee and government of the autonomous region have been basically fulfilled. All these have created the necessary conditions for us to resolve further the existing contradictions and problems in economic life and thus push forward reform and opening up.

At the moment, certain outstanding contradictions and problems continue to exist in social and economic life. (1) Poor economic performance in industry. While 1991 sales revenues of industrial enterprises covered in the budget of the entire region rose by 15.6 percent over those of the previous year, realized profits for the entire year fell by 28.1 percent, losses incurred by deficit enterprises amounted to 44.72 million yuan, 29.4 percent higher than 1990. The decline in industrial economic returns may be attributed to external factors such as the rise in raw and semi-finished materials prices and railway transport charges, and the bottleneck in railway transport. But the principal reason is still due to the failure of enterprises to adapt themselves as well as their method of operation to an obviously changing market situation, and this, in turn, is caused by a low level of technology, operational standards, and management in many enterprises. (2) Financial difficulties. The difference between financial revenue and expenditure widened from 34.36 million yuan at the start of the year to 58.85 million yuan. (3) The problem of insufficient emancipation of the mind continues to exist in government work at all levels, where there is not enough study to set up an operational mechanism which integrates planned economy with market regulation and control. As economic performance has not been sufficiently established as the core of national economic management, the national economy could not very adequately meet the demands of developing a socialist planned commodity economy. Work style is still lacking in solidness, and further efforts are needed to implement some policies and measures formulated by the autonomous region and intended to boost the growth of a commodity economy. Moreover, factors of instability continue to exist in the social security situation, the unhealthy practices in the business sector have not been corrected fundamentally, and institutions continue to grow and personnel to mushroom in number. Greater efforts are needed to correct these situations. In our work this year and in the future, we should face up to these problems squarely, adopt practical and effective measures to overcome and resolve them earnestly.

II. The Principal Tasks of 1992

The guiding ideology in this year's government work is: Uphold the party's basic line, establish economic construction as the central task, continue to implement Ningxia's "Huang He economy" strategy, further deepen reform and expand the opening up, and vigorously promote a socialist planned commodity economy. On the basis of consolidating and developing the fruits of economic improvement and rectification, the focus of

economic work should be shifted realistically to the path of structural readjustment and improvement of economic results, and efforts made to raise the quality of the national economy and of enterprises. It is necessary to insist that all kinds of social endeavors should serve to promote production and improve the people's lives, and that they should develop in harmony with economic construction. The building of a socialist spiritual civilization should be advanced forcefully and the political situation of stability and unity developed continuously. Plans call for the GNP to reach 7.4 billion yuan, 5.5 percent higher than last year, based on comparable price calculation; financial revenues to be at 718.55 million yuan, an increase of 5.5 percent; the rate of retail price increases for the year to be kept within 6 percent.

1. We must speed up industrial and structural readjustments in the rural areas as well as speed up development of a collective services system in rural areas, and promote the overall development of the rural commodity economy.

We should earnestly realize the spirit of the "CPC Central Committee's decision on further strengthening agriculture and work in rural areas," use the objective of attaining a life of modest comfort to direct agriculture and work in rural areas, actively develop a great agriculture characterized by high yields, high quality, and high efficiency, and strive to increase the comprehensive production capability and economic results in agriculture. It is necessary to stabilize production of grains and edible oils, stand firm in combatting drought to reap bumper harvests, continue to emphasize capital construction in agriculture centered on farm irrigation and water conservancy, popularize further scientific and technological findings in agriculture as well as applicable technology, and strive to achieve grain production of 1.9 million metric tons and edible oil production of 67,000 metric tons. To enable peasants to increase their production and income, readjustment of the industrial structure in rural areas should be highlighted in the development of the rural economy. While firmly doing a good job in the production of grains and edible oils, it is also necessary time to develop vigorously all kinds of operations based on market demand, and boost the use rate as well as input-output rate of arable land. The focus in forestry production is on the following: The building of a green corridor dominated by commercial orchard bases in Tao[le]-Ling[wu]-Wu[zhong], Helangshan, and [Zhong]wei-[Zhong]ning, construction of a top-grade shelter forest to protect the second generation of farmlands in the region irrigated with waters diverted from the Huang He on the basis of eliminating long-horned beetles and other pests, stepped up building of a conifer forest base outside the Liupanshan, and effective execution of initial phase of a sand control project. The animal husbandry industry should be based on "every household tending livestock," establishment of a mountain goat base in the Yan[chi]-Tong[xin]-Ling[wu] vicinity, consolidate and bolster the [Zhong]wei-[Zhong]ning-Qing[tongxia] lean mean and pork commercial base, realistically develop the beef base in the Liupanshan

region, and develop a grasslands animal husbandry industry dominated by family ranches. At the same time, we should carry out effective work to combat disaster and protect animal livestock. The comprehensive development of agriculture should revolve around efforts to boost the efficiency of land use, focus on the upgrading of low- and medium-yield farmland, insist on a high starting point and high quality, and develop agriculture, forestry, animal husbandry, supplementary industry and fishery comprehensively. A plan to harness the Huang He should be studied and perfected and its corresponding comprehensive project carried out based on the guideline of simultaneous efforts in development and harnessing, integration of long term and short term plans, and step-by-step implementation. The project aimed at raising the Huang He waters to irrigate Yanchi, Huanxian, and Dingbian should be accelerated to ensure its completion on schedule. Farming enterprises and state-run farms, forests, pasture land, and fishing grounds should be run effectively so that they can set an example in the process of commercializing and modernizing agriculture. It is necessary to continue to step up land management, conscientiously carry out the basic state policy on protection of arable land, and prepare to identify the basic protected farming zones.

Active development of township and town enterprises is a necessary way to promote rural economic prosperity, increase the peasants' incomes, and enhance agricultural modernization. Governments at all levels should further strengthen their leadership, while all relevant departments should offer their strong support in implementing the policies of the autonomous region's party committee and government on the development of township and town enterprises in order to promote their flourishing growth. It is necessary to uphold the simultaneous operations by towns, villages, joint entities, private entities, and individuals in order to speed up the exploitation of local resources, and develop industry in the processing of farm and supplementary products, raw and semi-finished materials industry, construction industry, industry in support of agriculture, and tertiary industry. Support in terms of policy, capital, and technology should be extended to enterprises which provide coordinated services to large and medium-sized state-run enterprises, enterprises engaged in processing of farm and supplementary products, export-income generating enterprises, and labor intensive enterprises. Township and town enterprises should be actively steered into perfecting the enterprise management responsibility system, relying on technological advances and stepping up management, improving their own qualities, and boosting their competitiveness.

We will continue to stabilize the rural policy and deepen rural reform. On the basis of the good job in contracted management by households, we will perfect the two-tiered operational mechanism that combines centralization with decentralization and gradually expand the forces of the collective economy. Actively develop the collectivized services system in rural areas. Qualified

collective economic organizations in villages and towns should strive to engage in ventures which offer pre-production, production, and post-production services urgently needed by the peasants. They should also serve as links by contacting other service organizations. Peasant households should be encouraged and supported in operating, either solely or jointly, all kinds of service organizations. The supply and marketing cooperatives as well as all kinds of enterprises engaged in the sale and processing of farm products should actively provide peasant households with special or serialized services. County-level economic and technological departments should modify their functions and strive to lay down the conditions to operate agricultural service entities. Governments at all levels should bolster the organizational work needed to develop collectivized service system in rural areas, guide all service organizations into displaying their respective strong points, and extend appropriate preferential terms in finance, credit, and tax collection on a case-by-case basis. All kinds of service organizations should be guided by the objective to promote rural economic prosperity and help peasants get rich, offer low-profit, high-quality services, and should not undermine or hinder agriculture in the name of service. We should realistically step up the building of rural grass-roots organizations as an organizational guarantee to promote rural economic and social growth, and earnestly carry out the autonomous region's relevant regulations on alleviating the burdens of peasants, and no department or unit may willfully apportion any charges from the peasants.

2. With efforts centered on structural readjustment and improvement of economic results, we should strive to promote a sound and stable growth of the industrial production.

Industrial production should abide earnestly by the spirit of the central work conference held last September, with continuing efforts to deepen reform, expand the opening up, vigorously readjust the structure, promote technological progress, transform the method of operations, step up management of enterprises, and achieve the objective of improving economic performance. This year's plan calls for an 8 percent rise in industrial sales revenues and a 7 percent increase in realized profits and taxes.

Active readjustment of product mix is the key to the efforts to pull industrial production out of its dilemma. Capital, materials, and transport resources should be assembled to support the expanded production of marketable products by enterprise. Enterprises should also be assisted in making the shift from adaptive readjustment to developmental readjustment, vigorously developing new products, establishing product and technology storage facilities, and speeding up the upgrading of products. Necessary administrative and economic measures should be taken to limit production and suppress inventory, prevent enterprises from producing unmarketable goods, and accomplish once more the task of suppressing 60 million yuan of capital of finished goods.

The readjustment of product mix should be closely integrated with the technological progress of an enterprise. By introducing technological innovation, development, and importation, a number of backbone enterprises should be made to attain advanced levels both at home and abroad and to achieve scale results. We should actively import advanced technology from abroad and vigorously apply tried and tested scientific and technological findings in order to further elevate the technical level of dominant products, increase their varieties, and form a series that will bolster the quality and grades of industrial products, and increase their added value. It is necessary to integrate closely the trends in market development and gather all forces to develop energy efficient products, import substitute products, and export earnings generating products. Meanwhile, some enterprises should be chosen to develop key products urgently needed by the state and to provide coordinated services to key state projects.

3. Rationally carry out fixed assets investments to promote production as well as urban and rural construction.

It is necessary to uphold the guideline of "controlling the total supply and total demand, readjust the structure, highlight key points, and raise economic performance;" master well the input and use of capital; give priority to projects with excellent economic performance and with a huge market and development potential, particularly projects involving famous, excellent, special and new products, as well as high technology and intensive processing industrial products. Efforts should be made to continue boosting the building of capital industries and infrastructure in agriculture, water conservancy, transportation, telecommunications, energy, and raw materials; and to assist industries which support agriculture. It is necessary to take heed to control and prevent overlapping construction projects, and to exert a tight control to complete and put into production projects which are already underway. Appropriate consideration should also be given to the construction of circulation facilities and of facilities in education, health, radio and television, and water drainage in towns and cities. The items listed as key state and autonomous regional construction projects for this year are: Daba power plant, phase five of the expansion of the Shizuishan power plant, Lingwu mining region (including the Lingwu feeder railway), Ningxia oil refinery, Jinghe meat processing plant, the project aimed at raising the Huang He waters to irrigate Yanchi, Huanxian, and Dingbian, the Yingu highway (including the Yinchuan Huang He bridge), the Liupanshan highway tunnel, expansion of the Yinchuan chemical fertilizer plant, renovation of the Northwest bearings plant, expansion of the Ningxia cement plant, and a guesthouse. At the same time, firm efforts should be made to carry out preliminary work on undertakings such as the key water conservancy project at Daliushu, use of natural gas, the new Yinchuan airport, the Ningxia pulp and paper manufacturing plant, phase two of the Daba power plant, and phase three of the Qingtongxia aluminum plant. Large and

medium-sized enterprises as well as projects listed under the "double increase" plan will receive priority in technical renovation ventures, the 60 principal projects including 300,000 meridian tires for the Yinchuan rubber plant, renovation of the Ningxia steel plant, the large-scale mining facilities of the Northwest coal machinery plant, and 2,000 metric tons of industrial silk for the Yinchuan silk braids and ribbons manufacturing plant. For key projects, it is necessary to give all-out assurance in terms of a steady supply of materials and of capital in order to achieve the completion of the projects according to schedule and to quality specified. The construction industry should continue to exert effort in raising quality and economic performance and continue to explore and tap the construction market.

It is necessary to satisfy the demands presented by the development of a commodity economy and by the advance of the people's livelihood toward a level of modest comfort by doing a good job in urban and rural construction and by gradually improving the social growth level of our region. As a place with a high concentration of social productive forces, the city plays a leading role in the modernization efforts. It is necessary to step up urban planning and management, and on the basis of developing the economy, perfect the facilities in science and technology, education, and culture as well as the city government's public facilities; speed up building of residences; and give full play to the city's role as an economic, scientific and technological, cultural, information, and service center. As village and small town construction represents an important aspect of rural economic and social development, it is necessary to expand the scale of experimental village and town construction; step up capital construction in water, electricity, road-building, and country markets; and gradually establish a base for commodity circulation and development of township and town enterprises within a given area. We should make further efforts to set up model villages and promote quality and sound functions in the building of rural houses. In either urban or rural construction, it is necessary to underline the need to apply policies in mobilizing the initiatives of all sectors of society and support the participation of the masses, particularly the peasants, in construction endeavors. Township and town enterprises should be encouraged to enter the cities and villages in order to add to the vitality of these places.

We must strictly implement the "Law on Environmental Protection." All construction projects should be evaluated in relation to the environment, with design, construction, and operation of the main body of the projects executed simultaneously with anti-pollution measures so as to prevent the creation of a new pollution source. Important attention should be given to key efforts to treat sources of pollution as well as the overall cleaning up of urban environment in order to provide for a continuing improvement in our region's ecological system.

4. We should carry out intensively the policy of "rejuvenating Ningxia with science and education" and vigorously promote the close integration of science and technology and education with the economy.

Focusing on the application of scientific and technological findings and the development of high and new technology, we will bolster further the scientific and technological undertakings in rural areas and promote technological advances in enterprises. Scientific and technological undertakings in the rural areas should underline the popularization of scientific and technological findings in agriculture, building of a scientific and technological service network, and technical training for peasants in order to enhance the industrial and structural readjustments and the development of pivotal industries in rural areas. It is necessary to popularize 15 major scientific and technological findings in agriculture, including the high-yield cultivation of fine breeds in rice, wheat, and corn, renovation of low- and medium-yield farmlands, cultivation of dry crops, and conservation of water in irrigation activities. Organize efforts to attack tough problems in agricultural science and technology, focusing on projects such as the importation, plantation, selection, and breeding of fine varieties of principal farm crops and of animal livestock, renovation of low- and medium-yield farmlands on a regional basis, development of technology related to the cultivation of farmland with yields in terms of metric tons, prevention and cure of pests and insects, and comprehensive sand control endeavor. Spearheaded by the "bumper harvest plan," agricultural technological groups may apply the contracting methods in different domains, wide scopes, and in all directions. Serving the technological progress of enterprises constitutes an important task in scientific and technological undertakings. Large and medium-sized enterprises should receive preferential treatment in the autonomous region's plan to attack tough issues in science and technology, its popularization plan, and Torch Plan. Efforts to attack tough issues in industrial science and technology should be focused on the development of light industrial and textile products, integrated machinery and electronic products, and technology related to the deep processing of coal minerals. In particular, 38 items designed to promote technological progress in large and medium-sized enterprises have been outlined, making up 50 percent of all new items. We must actively develop industries using high and new technology. The Yinchuan new and high technology industrial development zone took off only early this year, with six areas serving as the focus of development, namely: Electronic information technology, biological engineering technology, integrated technology in machinery and electronics, technology on new materials, energy conservation and environmental protection technology, and new techniques and technology applied on the basis of traditional industries.

The advancement of education represents the foundation of the socialist modernization endeavor. It is necessary to strengthen basic education realistically, carry out

compulsory education according to the law, and underscore the task of training personnel who will span this century and the next. We should modify the educational structure and actively set up a new system where education voluntarily serves economic construction, and vigorously develop vocational and technical training, and endeavor to operate polytechnic schools, technical schools, and vocational secondary schools, particularly agricultural vocational secondary schools effectively. We must substantiate the contents and raise quality in order to reinforce the relevance, usefulness, and flexibility of vocational and technical education. Regular middle and primary schools in the rural areas should actively promote labor and technical courses by increasing trainings in practical technologies. Meanwhile, the focus of adult education should be shifted gradually toward on-the-job training. Higher education should be oriented toward economic construction and the grass roots by actively modifying the professional training, upgrade the quality of manpower training, and actively take part in the technological renovation of enterprises and in the study and popularization of science and technology in agriculture.

We should carry out "Project 231" intensively, seize earnestly the three capital constructions involving teaching materials, teacher qualifications, and the education front; pay attention to the effectiveness of education; and raise the quality of training. It is necessary to perfect the mechanism on overall planning, promote overall planning in education related to science and technology in agriculture, and carry out integration of the "three educations," namely: Basic education, vocational and technical training, and adult education, as well as the linking of the "three plans", namely, the Spark Plan, Prairie Plan, and Bumper Harvest Plan. We must try to improve the quality of the contingent of employees and workers of enterprises by highlighting and strengthening the all-around training of employees and workers of enterprises, and focusing on the qualifications and training of plant managers, (managers) of enterprises, the training of reserve cadres of enterprises, and the technical and professional training of employees.

5. We should organize urban and rural commodity markets effectively in order to satisfy the production and basic needs of the people.

State-run and jointly operated businesses as well as enterprises related to materials should take advantage of the changing of the methods of operation in enterprises in order to transform their ideas on operations, readjust their strategies on operations, improve operational styles, and actively explore markets inside and outside the region by fully displaying their roles as the main channels. With regards to important commodities and materials related to the national economy and the people's livelihoods, we should establish an autonomous regional reserve system, and bolster the capacity of state-run and jointly operated businesses to absorb, regulate, and stabilize the market. With controls on the operation of live pigs and vegetables having been lifted,

all cities and counties should organize production and circulation based on an overall plan to ensure market supply. We must pay attention to the development of rural markets, actively organize the distribution of industrial products in the countryside, and vigorously step up the purchase of agricultural and supplementary products. We must reinforce the sources, allocation, and supply of chemical fertilizers, insecticides, and farm sheeting, and organize the supply of agricultural materials like diesel oil, farm machinery, and small farm tools. Do a good job in the purchase of grains and foodstuffs, strongly promote the marketing and sale of grains and edible oil at negotiated prices, and carefully manage the grains and foodstuffs in storage. State-run and jointly operated businesses as well as enterprises related to materials should consolidate and foster the "spring light cup" spirit of "hard work for myself but facility to millions" by satisfying in full the demands of "creating double excellence, seizing the three fundamentals, and raising quality."

Departments in charge of the administrative management of industrial and commercial concerns, taxation, commodity prices, health care and prevention, technical supervision, and others should step up supervision of the market, punish illegal acts such as the manufacture and sale of inferior quality goods, cheating in measurements and scales, and monopoly of the markets. We must give full play to the supervisory functions of mass organizations like the consumers council and the employees' price monitoring group in order protect the interests of consumers. We should continue to implement the responsibility system related to the commodity price control target. The two cities of Yinchuan and Shizuishan should stabilize "shopping basket" prices and check the rising momentum in all kinds of fees and charges. They must bolster management of sectoral prices, rural market prices, and operational fees and charges, and conscientiously keep the general level of retail prices within the targets spelled out in the plan.

6. We must actively expand opening up to the outside world and promote foreign trade as well as economic and technical cooperation and exchanges.

Economic and trade endeavors should continue to be focused on raising economic performance and striving to increase export earnings and importation of foreign capital. In foreign trade exports, it is necessary to tap the international markets vigorously, insist on winning through quality, accomplish the export target of \$91 million, and strive to surpass the \$100 million mark. We will continue to readjust the export commodity structure, raise the quality and grade of export commodities, and expand the export of bulk commodities like coal, ferrosilicon, wool, machinery and equipments, and carpets; emphasize the building of export commodity bases, support enterprises engaged in the supply of goods in developing products with export earning potentials, and develop export commodities with special ethnic colors. It is necessary to strengthen the inspection of the quality of export commodities and boost the reputation of our

region's export commodities, actively organize and set up export enterprise groups, promote a system of import and export agents comprehensively, gradually advance toward the integration of trade and industry, trade and agriculture, and trade and technology, take part in the great international circulation, push more enterprises toward the international market, and endeavor to create a new situation with opening up to the outside world in all directions. We will continue to control and lower the costs in terms of foreign exchange by reducing the level of export expenditures by 3 percent and speeding up the circulation of funds by 3 percent so as to realize self-accountability for operational profits and losses in a given year.

We must gradually improve the investment climate by offering quality services, attracting foreign investment, and setting up a number of new "foreign-funded" enterprises. We must actively seek out international grants and concessional loans, vigorously promote efforts to secure overseas engineering and labor contracts, and endeavor to operate enterprises along the coasts and outside the territory effectively in order to exhibit their functions as "windows."

Different ways and means should be fully exploited in carrying out work in foreign affairs, Overseas Chinese affairs, and tourism in order to further broaden the channels of friendly exchanges with the outside world. In line with the policy of "management, coordination, and service," foreign affairs departments should do a good job in the reception of guests, the forging of sister city ties, promotion of friendship among people, and foreign propaganda work. We should stabilize and perfect the policy on Overseas Chinese affairs and strengthen all kinds of cooperation and exchanges with Overseas Chinese compatriots. Actively develop tourism resources, enhance the management level and service quality in tourism, strive to widen the sources of tourists, and expand earnings. Simultaneous with efforts to expand opening up to the outside world, steps should also be taken to broaden economic and technical cooperation as well as linkages with fraternal provinces and regions, actively bring in capital, technology, materials, and manpower, and promote a higher management and administrative level as well as accelerated technological progress in the enterprises of our region.

7. We should consolidate and develop the fruits of poverty alleviation and promote the economic development of the mountainous regions of the south.

This year marks the final year in the first 10 years of "the development of Hexi and Dingxi in Gansu and Xihaigu in Ningxia". Poverty alleviation efforts should be focused on resolving the problems of poverty-stricken households to acquire adequate food and clothing, continue to tackle the tough issues in this area, and lay down the foundation for the economic development of the mountainous regions. We should continue to extend preferential policies to poverty-stricken belts and zones; firmly seize the plantation, cultivation, and processing

industries; and carry out the project to ensure adequate food and clothing. In places where these problems have already been resolved, we should consolidate further the fruits obtained in the poverty alleviation efforts, and actively promote all kinds of operations as well as develop township and town enterprises in order to boost the peasants' income. We should continue to strengthen capital construction in agriculture centered on the building of basic farmlands, do a good job in tapping the potential of existing water conservancy facilities to ensure the completion of new and expanded water conservancy and irrigation projects and thus expand irrigated farmland by 50,000 mu; devote 256,000 mu of land to dry crops under the "three kinds of farmland" project but aim for 300,000 mu; expand the land area treated for soil erosion by 99.5 square km; carry on with construction of 22 drinking water projects for both humans and animals in order to resolve the problem in this area which affects 60,000 people, 120,000 sheep and big animal livestock; install a 215-km-long electric wire network in rural places; extend road access to villages and towns. We should speed up construction of Diaozhuang by relocating 20,000 people and completing the first phase of the relocation of 150,000 people. With "plantation, cultivation, and processing" as the focal point, popularize advanced production and management techniques, consolidate and speed up the development of pivotal industries in order to promote regional economic growth. At present, the mountainous regions are confronted by a serious drought situation. It is necessary to seize firmly at the implementation of all kinds of antidrought measures, mobilize and organize the peasants in fighting and restricting the drought, and launch production self-help endeavors in order to minimize the damages caused by the drought. It is also necessary to actively perform a good job in raising funds for the second phase in "the development of Hexi and Dingxi in Gansu and Xihaigu in Ningxia" so as to create favorable conditions for future development and construction.

8. With economic development and improvement of economic results as the focal point, rationally readjust the financial and credit structures.

Governments at all levels should firmly foster the idea of frugality, and strive to increase income and cut down on expenses by tightly controlling and suppressing budgetary deficits. Financial departments at all levels should actively support efforts by enterprises to change their internal operational mechanisms, speed up upgrading of technology and development of new products, and vigorously cultivate revenue sources. It is necessary to insist on tackling taxation issues according to the law, step up tax collection efforts, actively clear up due tax payments, and tightly control all kinds of reductions and exemptions. We should step up taxation supervision over individual enterprises, privately run enterprises, and foreign-related enterprises. Financial expenditures should be kept strictly within the annual budgetary target by abiding by the principle of "assurance to adequate food and key projects." We should practice thriftiness

and oppose extravagance. Frugality should be integrated with efforts to promote an honest government. We should introduce an annual system of rationing conference expenses, and clean up and rectify all kinds of subsidies in order to reduce financial burdens. We must keep a tight rein on the purchasing power of all social groups, bolster further management of funds outside the state plan, and engage in the administration of state-owned assets. It is necessary to enforce strict financial discipline and strengthen auditing supervision.

The focus of monetary work is the control of total demand and supply, structural readjustment, and improvement of economic results. Active efforts should be made to raise funds and expand the sources of credit funds; readjust the credit structure and improve loans management. We should continue to increase inputs in agriculture, underlining support for higher grains and edible oil production, development of plantation and cultivation industries, and promotion of agricultural science and technology. We should continue to increase credit inputs into large and medium-sized state-run industrial enterprises, support the readjustment of product mix, and raise the production of marketable goods. Actively coordinate efforts to break "debt chains" and speed up the turnover of capital in enterprises. Further develop the insurance business and display its economic compensatory function by offering services for the purpose of improving enterprises and advancing the rural economy.

9. We must Earnestly seize on the family planning project and keep a tight control on population growth.

We should resolutely carry out the basic state policy on family planning by focusing on the implementation of the management responsibility system related to population and family planning targets, stressing the improvement and strengthening of grass roots work, and raising the level of management and services related to family planning. Family planning work should be given the same importance as economic construction, with management and total responsibility assumed personally by the principal persons in charge of the governments at all levels. The system of "single veto power" in family planning matters should be introduced, and regions and units where the stipulated family planning target is not being met, as well as individuals who violate family planning laws and regulations, will all be denied cash rewards, promotions, and improvements. It is necessary to improve and bolster grass-roots family planning work and strengthen the network of family planning endeavors in towns and villages, notably those in the mountainous region. We should promote family planning associations and rely on family planning activists to carry out regular family planning work. We must actively promote family planning propaganda and education, and implement the corresponding laws and regulations

strictly. We should step up family-planning-related technical and vocational training, introduce and popularize convenient, safe, and new birth control technologies, and raise the quality of services. Leaders at all levels should divide up the work and assign a part to each individual or group, go deep into the grass roots, relentlessly seize at the outstanding problems of the moment which affect family planning, such as early marriage, unsanctioned births [chao tai ci sheng yu 6389 5158 2945 3932 5148], and insufficient intervals between births, and ensure that the entire region's population birth rate is kept within 21.9 percent.

10. We should strive to promote ethnic economy and culture, and further strengthen unity among all nationalities.

This year, efforts should be made to open up a new situation in nationalities work by focusing on the implementation of the spirit of the central work conference on ethnic affairs and the "State Council circular on certain problems related to further implementation of the law on self-government in nationalities-inhabited regions." It is necessary to step up propaganda and education on the Marxist view on nationalities as well as the party's ethnic policy, as well as set up and initiate activities citing advanced counties (cities, regions) and advanced units for promoting ethnic unity and progress so that cadres and people of all nationalities can foster the idea of equality and mutual assistance, unity and cooperation, and shared progress for all nationalities, and conscientiously uphold solidarity among all nationalities. We should continue to adopt a preferential policy and promote ethnic education, run all types of ethnic schools and ethnic preparatory courses seriously, take a firm grasp to advance universal elementary school education in the mountain regions of the south, and emphasize higher teaching standards. We should improve training of female teachers of the Hui nationality, and increase the ratios of children, notably girls, who start school and stay in school. We should respect the customs and habits of minority nationalities, and support as well as promote the production of the basic necessities of the nationalities and trade among nationalities. We must actively support the economic development endeavors in the southern mountainous regions which are predominantly inhabited by the Hui nationality by boosting their comprehensive development capability. We should take advantage of the construction of the Bao[ji]-Zhong[wei] railway to carry out studies and verifications, and tap the resources of the mountainous region in a planned and measured manner. We should actively train cadres, technical and management personnel who belong to minority nationalities and who have both ability and political integrity to expand the ranks of cadres of minority nationalities. We must carry out comprehensively and correctly the party's policy on religious beliefs and freedom, step up administration of religious affairs according to the law, and appropriately handle the internal contradictions of the religions.

11. We must vigorously advance socialist spiritual civilization and step up the building of democracy and of the legal system.

The governments at all levels should uphold the policy of "doing two types of work simultaneously" by promoting economic construction and at the same time bolstering the building of socialist spiritual construction. We must gradually raise the socialist consciousness of cadres and people by launching broad and extensive education on socialism in the countryside and on the "two basics" in enterprises. We should initiate competitive activities to create civilized units, districts, towns and villages in the cities and country sides around the region and commend the "five good families" and the "civilized village households." We should earnestly foster the development of professional ethics in each trade and sector, and promote an improved social atmosphere. National defense education should be popularized and intensified based on its existing foundation and gradually adapted to become more socialized, regular, and systematic. Governments at all levels should show concern for and support army building by actively and voluntarily helping the Army resolve its practical problems. We must protect Army installations and step up the development of the militia and the reserve force. We should launch steadfast and protracted activities related to joint construction by the Army and the people and strive to create more "double-support" model cities (counties). We must continue to develop ventures in news publication, radio, television, and film, literature and art, popular culture, and sports, as well as promote ethnic culture, in order to enrich the spiritual and cultural lives of the people. We must perform a good job in managing archives, historical relics, historical documents, and the restoration of relics.

A reinforced building of democracy and of the legal system constitutes an important feature in the building of socialism with Chinese characteristics. Governments at all levels should earnestly carry out the various resolutions and decisions adopted by their corresponding people's congresses and their standing committees, and make regular reports to them; promote closer ties with the CPPCC, the different democratic parties, and mass organizations by abiding by the different relevant systems and voluntarily accepting democratic supervisions; earnestly respond to suggestions by the people's deputies and proposals by CPPCC members, speeding up the rate and raising the quality of such effort. Letters of complaints and appeals from the people should be dealt with satisfactorily by listening to their criticisms and suggestions concerning government work. Governments should promote the administration of areas, cities, and counties according to the law. Governments and departments at all levels should perform their functions by abiding strictly to the law and doing a serious job in administrative reviews and responses in order to improve the level of administration and law enforcement. They should work firmly to formulate and perfect all kinds of government rules and administrative measures that satisfy the demands of reform and opening up,

and conduct administrative and law enforcement inspections. It is necessary to launch extensive activities related to the Second Five-Year Plan on the popularization of legal education and continue to boost the awareness of the law as well as the concept of a legal system of all citizens. They should bolster the work of lawyers, notary publics and legal services in towns and villages so as to provide excellent legal services to serve the cause of the economic construction, social growth, and the people's living standards.

We should resolutely implement the policy of "striking hard and fast" at serious crimes and criminal activities according to the law in order to ensure public security; continue the struggle against thefts and robberies, and with this as the breakthrough point, promote the realization of all kinds of measures related to the overall control of public security. We must establish a sound mass defense mechanism, mobilize and rely on forces from all aspects of society, ensure the security and order of cities, market towns, communication lines, and public venues, and reinforce internal security protection and prevention measures in organs, schools, enterprises, and institutions. We should bolster work on rehabilitation through labor and education by raising the quality of rehabilitation to cut down the number of repeat offenses and crimes. We should pay important attention to the development of public security and a judicial Army, substantiate and strengthen grass-roots forces, insist on running the police force strictly, and raise the political as well as professional qualities of police contingents.

Fellow deputies, to effectively fulfill this year's tasks, it is necessary to persevere in in-depth reform. At present, the difficulties existing in our region's economic development lie, to a great extent, in the deep-rooted contradictions, which have been accumulated for years. They are mainly manifested in the fact that the economic and enterprises' operational mechanisms still fail to properly suit the requirement of developing the socialist planned commodity economy. Therefore, governments at all levels should further emancipate the mind, quicken the pace of reform, add weight to the reform's contents, energetically develop the socialist planned commodity economy, and incrementally resolve the deep-rooted contradictions in economic life with certain aspects specifically targeted. The economic and social environment is now relatively stable, the masses have a better understanding and tolerance of reform, and we have accumulated a lot of experience with regard to reform, too. All this has created the conditions for faster reform, for which we should firmly seize the opportunity. This year, the overall requirements of our region's economic structural reform are to persistently maintain and strengthen the public economy; give priority to running large and medium-sized state enterprises well; positively explore and establish effective ways and patterns for the combination of planned economy and market regulation; through the in-depth reform, take reform measures in light of the conspicuous conflicts in the economic life, and give impetus to economic development and social

stability. The arrangement of various economic structural reform work should be brought into line with the objectives of the autonomous region's outline of the Eighth Five-Year Plan and the 10-Year Program, maintaining the continuity and stability of reform policies on one hand, and encouraging all localities and departments to proceed from the reality, boldly explore new ways, and actively carry out experimentation on the other.

—Taking the shift of enterprise operational mechanism as a focal point, we should push state-owned enterprises into markets, conscientiously put into practice the "Enterprise Law," and exercise decision-making power in enterprise operation in a comprehensive way. The most important thing at present is to put into effect the enterprises' powers in production, operation, internal distribution, labor and employment, administration of cadres, and setting up of organs; allow enterprises, in the light of actual conditions, to select different modes of operation, open up operational channels even wider, and practice diversified operation with stress on a certain trade. In the industrial enterprises under the public ownership, we should accelerate reform to shift the enterprises' operational mechanism and adopt different reform patterns such as giving enterprises a free hand in operation, signing an overall contract for both input and output, practicing the shareholding system and the system requiring payment of taxes plus a percentage of profits to the state, and perfecting the contract responsibility system characterized by "two contracts and one linkage." We should also develop enterprise groups and promote enterprise organizational structural readjustment by means of contracting, leasing, merger, management on behalf of others, shareholding, money transfer, and so on; speed up enterprises' internal reform on personnel, labor, employment, and distribution systems; do away with the practices of "big rice pot," as well as "iron ricebowl," "ironclad wages," and "iron armchair" [lifelong tenure] step by step, and develop into a mechanism whereby "cadres are ready to work at a higher or lower level, staff and workers can be appointed or dismissed as necessary, and wages are subject to increase or decrease according to conditions"; expand the number of experimental units in which the enterprise cadre appointment system is practiced, streamline administration, change the practice by which enterprise managers are treated as official workers, break the demarcation line between cadres and workers, and appoint managers in line with the principles of openness, fairness, competitiveness, and the superior alone being selected; disseminate and perfect the enterprise internal management by practicing the all-personnel labor contract system, and give impetus to rationalizing the enterprise labor organization. For the surplus staff, apart from opening up employment channels in various forms, they should be registered on the list waiting for internal job assignment. According to their requirements and within the number fixed for them, enterprises have the right to recruit, employ, and

dismiss staff and workers as per terms and conditions of contract, while staff and workers have the right to resign. In light of actual operational conditions, enterprises can decide for themselves the pattern of their internal salary distribution. Where conditions permit, enterprises should gradually practice the distribution system, particularly the one under which employees' wages are determined by the skill level required by their jobs, the salary steps should be broadened, and preferential treatment should be given to technicians and first-line staff and workers so as to really link labor remuneration to enterprise economic results and the individual contributions of staff and workers. The practice of "wages being linked up with economic results" in enterprises should be further improved, and a linkage should be effected in such a way as to resolve the problems of only profits and increase of results but not losses and decline of results being linked. The democratic management of enterprises should be stepped up according to the law, the five items of power vested with the staff and workers representative conference should be exercised, and the working class should be relied upon with heart and soul in deepening reform and running enterprises well.

—We should actively cultivate the market system, and further invigorate commodity circulation in cities and rural areas. In light of the requirement for establishing large-scale circulation and markets, we should speed up circulation structural reform, and work hard to institute the circulation system with the characteristics of openness, smoothness, flexibility, high efficiency, and capability of regulation and control; accelerate the shift of the operational mechanism in the state-owned circulation enterprises and, according to the policies concerning the proper operation of large and medium-sized state enterprises, focus on running well the large and medium-sized state circulation enterprises; continue to carry out reform of "change, transfer, lease, contract, and marketing" in small state commercial enterprises and catering service businesses, the merger of enterprises, and the formation of chain shops; vigorously push forward the structural reform of supply and marketing cooperatives, broaden the range of businesses carried on by local residents, and perfect the mechanisms of independent operation and sole responsibility for own profits and losses; bring into full play the complementary role of privately-owned and self-employed commercial sectors, and guide and support peasants in entering the area of circulation. In line with the principle of "abiding by government policy decisions, making overall planning, developing in many ways, and exercising unified control over industry and commerce," we should set up various types of wholesale market and market of village fairs with county towns and central market towns as principal venues. The market of essential production factors should be developed, and cities and counties where conditions permit should take positive steps to set up material, financial, service, information, and property markets on a trial basis so as to expedite the growth of the market system in our region. Besides, we should deepen foreign trade structural reform, draw up and perfect the management method and the coordinated policy for foreign trade enterprises'

profits and losses, and promote the shifting of operational mechanism in foreign trade enterprises.

- We should speed up reform of the social insurance and housing system. We should expand the scope of retirement insurance for enterprise staff and workers and the scope of unemployment compensation, extend the retirement insurance system now practiced in city and town collective enterprises to all counties (cities), take into overall consideration the entire region in state enterprise retirement insurance, and select enterprises under different types of ownership as experimental units for unemployment compensation; and conduct properly the training for those waiting for jobs. In line with the principle of taking rational shares between the state, collective, and the individual, we should reform the public health service system and labor protection medical care. We should also work out plans on housing reform in our region in accordance with the State Council's directions, and carry out city and town housing reform in a positive and steady manner.
- We should continuously deepen structural reform in science and technology. In scientific and technological work, we should do all we can to establish a management structure that combines planned management with market regulation, further relaxes control over scientific research organs and over scientists and technicians, and facilitates scientific research organs to be geared to the needs of the main battlefield of economic construction. Scientific research organs that are oriented toward development should move toward integrating scientific research, production, and operation, and some of them should unite with enterprises to become enterprise technological development organs; we should encourage and lead scientific research organs in joining enterprise groups, and incrementally form scientific and technological development centers; energetically develop scientific research organs run by factories, and give support to the growth of scientific and technological projects run by the local people; improve the internal distribution system of scientific research organs; link the income of scientific and technological personnel to their research achievements; and grant handsome awards to the scientific and technological workers who have attained remarkable results, scored tremendous successes, and made outstanding contributions to science and technology; vigorously develop technology markets; dredge the channels for technological information exchange; and promote trade in technology.
- We should further deepen macroeconomic management structural reform, stressing perfecting indirect control and regulation. We should carry out reform of the planned control system, reduce the scope of mandatory plans, improve planned control methods in production, construction, and circulation, and give full play to the role of market regulation; continue to rationalize price system, readjust the prominently irrational prices of principal agricultural products,

energy, and others, and relax control of most commodity prices administered by the autonomous region. We should also deepen the financial and tax structural reform, practice a dual budget system in financial departments at regional level and those at city and county levels, and work out the regular and construction budgets separately; reduce the income tax rate from 55 to 33 percent in some selected large and medium-sized industrial and commercial enterprises; unify the income taxes in the state, collective, and private enterprises in a planned way, improve the personal income regulatory tax, and incorporate the salary regulatory tax and bonus tax; push forward the state assets management structural reform, straighten out the relationships between the state assets management departments and the competent departments of finance and enterprises; and conduct the experimental work of screening assets, auditing capital, defining and registering property rights, and operating entrusted assets.

The key to speed up reform is to further emancipate the mind. Leading cadres at all levels should establish concepts on markets, economic results, risks, and competition and, through reform and opening up, unswervingly liberate and develop productive forces. In the course of reform and opening up, we must dare to explore new ways, shake off the fetters of the old traditional structure, absorb and assimilate all advanced technology, operation modes, and management methods, and do what has not been done by others. The criteria for judging the gain or loss and success or failure of reform and opening up are mainly whether or not it is conducive to developing social productive forces, to increasing the socialist country's overall strength, and to raising the people's living standards. We should rely on practice to examine the new things, which have emerged from reform and opening up, rather than being engaged in empty arguments, foster the reform enthusiasm of the basic units and enterprises, and protect the initiators who have devoted themselves to reform. Government at all levels, various departments, and various trades and professions should enthusiastically deepen and push forward reform, and work hard to create a new situation for all fields of endeavor.

III. Striving To Improve the Government Work, and Unite To Fight for the Rejuvenation of Ningxia

The tasks for this year have been made definite, and the crux of successfully fulfilling the set objective of struggle lies in further changing our style and improving the government work. The overall requirements are "realistic spirit, good service, high efficiency, and clean administration."

1. Firmly establish the work style of striving for actual results.

Government organs at all levels must persevere in the ideological line of seeking truth from facts, continue to energetically encourage emancipating the mind, enhance

the awareness of importance of reform and opening up as well as the commodity economy, implement the party and government principles and policies in light of local practical situation, and conduct work creatively. It is necessary to make vigorous efforts to carry out various tasks and break through the difficult problems, and develop into a fine atmosphere of doing practical things, striving for actual results, and judging by real achievements in government departments. We must simplify meetings and reduce documents, go down to the grass-roots units, and immerse ourselves among the masses to solve the difficulties and problems which exist in the economic and social development in a practical way. Leading organs at and above county levels must take organizing cadres to work in grass-roots units as a system and persist in it; resolutely cut down all sorts of ribbon-cutting and foundation-stone-laying ceremonies and, for activities which are absolutely necessary, do our best to practice frugality and improve the forms. Government departments at all levels must have strict criteria in holding commendation and award ceremonies, which should be well restricted to avoid excessive numbers and unjustifiably high standards. We should stick to the principle of working in line with the party spirit and judging a cadre by his work performance and achievements, and resolutely expose and fight against such unhealthy tendencies as going in for formalism, doing superficial work, divorcing from reality, and indulging in empty talks; step up supervision and examination so that there is work deployment, examination, and feedback for all the important work. The principal leading comrades in governments at all levels should supervise and examine in person, check and get acquainted with the major work deployment and implementation progress on a regular basis, supervise and urge the low-level units to fulfill various tasks rapidly and accurately, and give impetus to raising work efficiency and level in government organs at all levels.

2. Intensify the government's service function.

Governments at all levels and their departments must firmly establish the idea of serving the economic construction, enterprises, and grass-roots units, combine service with administration, and enhance the administrative level. Government departments at all levels should pay attention to investigation and study, work out policies, regulate and control economic and social operation and, in the meantime, attach great importance to providing services in policy, technique, and information for grass-roots units and enterprises, coordinate and resolve the difficulties and problems existing in the social economic life, and strengthen their service function. In line with the principles of administrative function being separated from that of enterprises and ownership being appropriately separated from operational power, enterprises' competent departments and comprehensive economic departments should shift the focus of the work to planning, coordination, service, and supervision, intensify indirect regulation and control, reduce

direct administrative interference, and diminish management links in order to create conditions for simplifying administrative bodies in the future. All work that is appropriate for handling at lower levels should be handed to them together with the responsibility and power, and all the decision-making power that belongs to enterprises should not be withdrawn or retained by any departments under any pretext. Various localities and departments should sort out documents that run counter to the "Enterprise Law," and departments concerned should check up the condition of implementing the "Enterprise Law." The autonomous regional party committee and government have decided to carry out experimentation of functional change of government organs at the county level in Zhongwei, Tongxin, and Longde counties and, by encouraging and supporting economic and technical departments directly encourage at the county level to assume the management function rather than the service function as a key link, so as to achieve the aim of "changing the function of government organs and transferring cadres," thus striving to realize a "small government with great service" step by step. We must also exert ourselves to make scientific and correct policy decisions, and enhance policy level in government work. Governments at all levels should set up scientific policy-making procedures, follow the mass line in making policy decisions that involve major issues on economic and social development, extensively listen to opinions and scientific expositions from various quarters, and do the utmost to overcome randomness and blindness in making policy decisions.

3. We should show concern for the masses' lives and do practical things for the masses.

This year, governments at all levels should take showing concern for the masses' life and doing practical things for the masses as an important content of work and a major aspect of improving organs' style, which should be continuously paid attention to and handled well. In line with the financial capacity and departments' work plan, we should have our eyes on realizing a moderately prosperous living standard by the year 2000; improve the roads, public transportation, and water supply and drainage facilities in cities and towns in a planned and systematic way; step up building houses for residents; raise the quality of peasants' houses and the utilization function; construct and perfect public health, cultural, and sports facilities; reinforce the public health and preventive and preliminary health care in rural areas; expedite the work of providing fluoride and changing the quality of the water; supply electricity to every village; foster undertakings for the handicapped; and make new contributions to enhancing the living standards of Ningxia's people. We should conscientiously listen to the voice of the masses, show sympathy for their sufferings, and solve the problems involving the vital interests of the broad masses in good time. To do practical things for the masses, we must have them carried out with definite tasks, clear responsibility, and concrete measures. In this year's work, governments at all levels and various

departments must have a grasp of a few problems involving the vital interests of the masses and, according to actual conditions, make concerted efforts to have them resolved with perseverance.

4. We must unflinchingly take firm control of building a clean and honest government.

While vigorously pushing forward reform and opening up, we must think highly of, and unswervingly wage, the struggle against corruption, and step up the building of a clean government. It is necessary to thoroughly conduct education on serving the people among government personnel so that they will be honest in performing official duties and diligent in working for the people, thus raising their consciousness about resisting and opposing corrupt phenomena. Leading cadres at all levels must stick to principle, set strict demand on themselves, behave like a model, and set an example with their good conduct. It is necessary to resolutely check the malpractices of feting guests and giving gifts using public funds, distributing public funds and objects indiscriminately, and going on trips at public expense, so that we can win confidence of the people with a new style of clean and honest government. We should thoroughly conduct work to rectify malpractices in departments and trades, and further practice the system of the "two opens and one supervision" with priority given to economic management departments, supervisory departments, administrative and law enacting organs, and public institutions; work out targets for different stages in light of

the "hot spot" problems that have aroused a strong reaction from the masses, and earnestly carry out plans to rectify and correct them; improve the work of receiving the masses' letters and their visits to complain about cases, and seriously check and act on the cases that have violated law and discipline, such as abusing official functions to eat and drink extravagantly as well as appropriating public property, blackmailing and racketeering, and engaging in power-money deals; continue to check and take action against major important cases, stressing graft and embezzlement, bribe-taking, seeking personal gains by abusing power, irregularities for personal benefit, serious dereliction of duty, and eliminate degenerate elements resolutely. We must establish and amplify the mechanism for supervising government, give full play to the role of administrative and supervisory departments, and rely on the broad masses so as to ensure the building a clean government level by level; vigorously propagate the fine examples and good experience in building a clean government, and unceasingly strengthen the masses' confidence and determination in the struggle against the corrupt phenomena.

Fellow deputies, in the new year, the tasks we are shouldering are both glorious and arduous. Let us closely rally around the CPC Central Committee with Comrade Jiang Zemin at the core, unswervingly deepen reform and open wider to the outside world, and work diligently in an earnest and down-to-earth manner to greet the opening of the 14th CPC National Congress with excellent achievements, and make new contributions to the rejuvenation of Ningxia.

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